

OFFICIAL TRANSCRIPT OF PROCEEDINGS BEFORE THE POSTAL RATE COMMISSION

In the Matter of:)
)
REQUEST OF THE)
UNITED STATES POSTAL SERVICE)
FOR A RECOMMENDED DECISION) Docket No. R2005-1
ON CHANGES IN RATES OF)
POSTAGE AND FEES FOR)
POSTAL SERVICES)

VOLUME #8B

DESIGNATED WRITTEN CROSS-EXAMINATION OF
USPS WITNESSES KELLEY T-16, LEWIS T-30,
LOETSCHER T-32, MCCRERY T-29, MEEKAN T-9,
MILLER T-20, NASH T-17, PAGE T-23, SMITH T-13,
TAUFIQUE T-28, TAYMAN T-6, WATERBURY T-10,
WESNER T-24

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BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, DC 20268-0001

Request of the United States Postal
Service for a Recommended
Decision on Changes in Rates of
Postage and Fees for Postal
Services

Docket No. R2005-1

DESIGNATION OF WRITTEN CROSS-EXAMINATION

<u>Party</u>	<u>Interrogatories</u>
<u>United States Postal Service</u>	
John Kelley (USPS-T-16)	
American Postal Workers Union, AFL-CIO	MMA/USPS-T16-30-31
Major Mailers Association	MMA/USPS-T16-30-31
Postal Rate Commission	VP/USPS-T14-13 redirected to T16
Jeffery W. Lewis (USPS-T-30)	
Postal Rate Commission	VP/USPS-T30-13-16
L. Paul Loetscher (USPS-T-32)	
Time Warner Inc.	TW/USPS-T32-1-5
United States Postal Service	Direct Testimony of USPS Witness L. Paul Loetscher USPS-T-32
Marc D. McCrery (USPS-T-29)	
Major Mailers Association	Response to Questions Posed at Hearings 7/20/05 (Tr. 5/1753, 5/1759)
Office of the Consumer Advocate	DFC/USPS-T29-27-31

PartyInterrogatories**Karen Meehan (USPS-T-9)**

Office of the Consumer Advocate

OCA/USPS-T9-7a-c

Postal Rate Commission

PRC/USPS-POIR No.5- Q2 part 1 redirected to T9
 USPS-LR-K-130, Referenced by POIR No. 5 - Q2,
 Part 1, not included in this Transcript

Michael W. Miller (USPS-T-20)

Pitney Bowes Inc.

PRC/USPS-POIR No.4- Q11b-c redirected to T20

Postal Rate Commission

PRC/USPS-POIR No.4- Q5 redirected to T20

Time Warner Inc.

TW/USPS-T20-2

United States Postal Service

Direct Testimony of USPS Witness Michael W.
 Miller USPS-T-20

Joseph E. Nash (USPS-T-17)

Postal Rate Commission

PRC/USPS-POIR No.5- Q4a redirected to T17

United States Postal Service

Direct Testimony of USPS Witness Joseph E.
 Nash USPS-T-17

James W. Page (USPS-T-23)

United States Postal Service

Direct Testimony of USPS Witness James W.
 Page USPS-T-23

Marc A. Smith (USPS-T-13)

Office of the Consumer Advocate

OCA/USPS-T9-7d redirected to T13

Altaf H. Taufique (USPS-T-28)

Postal Rate Commission

PRC/USPS-POIR No.7- Q4, POIR No.8- Q12-13,
 17 redirected to T28

PartyInterrogatories**William P. Tayman, Jr. (USPS-T-6)**

Postal Rate Commission

PRC/USPS-POIR No.7- Q15 redirected to T6
 USPS-LR-K-50, Referenced by POIR No. 7 - Q15,
 not included in this Transcript

Lillian Waterbury (USPS-T-10)

Postal Rate Commission

PRC/USPS-POIR No.2- Q12-14 redirected to T10
 USPS-LR-K-121, Referenced by POIR No. 2 -
 Q12, not included in this Transcript
 USPS-LR-K-122, Referenced by POIR No. 2 -
 Q14, not included in this Transcript

United States Postal Service

Direct Testimony of USPS Witness Lillian
 Waterbury USPS-T-10

Karl D. Wesner (USPS-T-24)

Douglas F. Carlson

DFC/USPS-T24-2-4

Office of the Consumer Advocate

DFC/USPS-T24-5

United States Postal Service

Direct Testimony of USPS Witness Karl D.
 Wesner USPS-T-24

Respectfully submitted,



Steven W. Williams
 Secretary

INTERROGATORY RESPONSES
DESIGNATED AS WRITTEN CROSS-EXAMINATION

<u>Interrogatory</u>	<u>Designating Parties</u>
<u>United States Postal Service</u>	
John Kelley (USPS-T-16)	
MMA/USPS-T16-30	APWU, MMA
MMA/USPS-T16-31	APWU, MMA
VP/USPS-T14-13 redirected to T16	PRC
Jeffery W. Lewis (USPS-T-30)	
VP/USPS-T30-13	PRC
VP/USPS-T30-14	PRC
VP/USPS-T30-15	PRC
VP/USPS-T30-16	PRC
L. Paul Loetscher (USPS-T-32)	
TW/USPS-T32-1	TW
TW/USPS-T32-2	TW
TW/USPS-T32-3	TW
TW/USPS-T32-4	TW
TW/USPS-T32-5	TW
Direct Testimony of USPS Witness L. Paul Loetscher USPS-T-32	USPS
Marc D. McCrery (USPS-T-29)	
DFC/USPS-T29-27	OCA
DFC/USPS-T29-28	OCA
DFC/USPS-T29-29	OCA
DFC/USPS-T29-30	OCA
DFC/USPS-T29-31	OCA
Response to Questions Posed at Hearings 7/20/05 (Tr. 5/1753, 5/1759)	MMA
Karen Meehan (USPS-T-9)	
OCA/USPS-T9-7a	OCA
OCA/USPS-T9-7b	OCA

InterrogatoryDesignating Parties

OCA/USPS-T9-7c

OCA

PRC/USPS-POIR No.5- Q2 part 1 redirected to T9

PRC

USPS-LR-K-130, Referenced by POIR No. 5 - Q2, Part 1,
not included in this Transcript

PRC

Michael W. Miller (USPS-T-20)

PRC/USPS-POIR No.4- Q11b redirected to T20

Pitney Bowes

PRC/USPS-POIR No.4- Q11c redirected to T20

Pitney Bowes

PRC/USPS-POIR No.4- Q5 redirected to T20

PRC

TW/USPS-T20-2

TW

Direct Testimony of USPS Witness Michael W. Miller
USPS-T-20

USPS

Joseph E. Nash (USPS-T-17)

PRC/USPS-POIR No.5- Q4a redirected to T17

PRC

Direct Testimony of USPS Witness Joseph E. Nash
USPS-T-17

USPS

James W. Page (USPS-T-23)Direct Testimony of USPS Witness James W. Page
USPS-T-23

USPS

Marc A. Smith (USPS-T-13)

OCA/USPS-T9-7d redirected to T13

OCA

Altaf H. Taufique (USPS-T-28)

PRC/USPS-POIR No.7- Q4 redirected to T28

PRC

PRC/USPS-POIR No.8- Q12 redirected to T28

PRC

PRC/USPS-POIR No.8- Q13 redirected to T28

PRC

PRC/USPS-POIR No.8- Q17 redirected to T28

PRC

William P. Tayman, Jr. (USPS-T-6)

PRC/USPS-POIR No.7- Q15 redirected to T6

PRC

USPS-LR-K-50, Referenced by POIR No. 7 - Q15, not
included in this Transcript

PRC

Lillian Waterbury (USPS-T-10)

PRC/USPS-POIR No.2- Q12 redirected to T10

PRC

PRC/USPS-POIR No.2- Q13 redirected to T10

PRC

InterrogatoryDesignating Parties

PRC/USPS-POIR No.2- Q14 redirected to T10

PRC

Direct Testimony of USPS Witness Lillian Waterbury
USPS-T-10

USPS

USPS-LR-K-121, Referenced by POIR No. 2 - Q12, not
included in this Transcript

PRC

USPS-LR-K-122, Referenced by POIR No. 2 - Q14, not
included in this Transcript

PRC

Karl D. Wesner (USPS-T-24)

DFC/USPS-T24-2

Carlson

DFC/USPS-T24-3

Carlson

DFC/USPS-T24-4

Carlson

DFC/USPS-T24-5

OCA

Direct Testimony of USPS Witness Karl D. Wesner USPS-
T-24

USPS

United States Postal Service

**John Kelley
(USPS-T-16)**

**RESPONSE OF POSTAL SERVICE WITNESS KELLEY
TO INTERROGATORIES OF MMA**

MMA/USPS-T16-30

Please refer to your further revised response to Interrogatory MMA/USPS-T16-13 (Errata) filed June 17, 2005. There you provided the collection costs that were included in your First-Class single piece delivery costs as part of your analysis provided in Library Reference LR-USPS-K-67. Please also refer to USPS witness Schenk's response to Interrogatory MMA/USPS-T43-6 in R2001-1.

A. Please confirm that the unit collection cost that you derive for single piece letters for TY 2006 is 2.335 cents, which represents the difference between 7.189 cents (unit cost with collection costs) and 4.854 cents (unit cost without collection costs). If you cannot confirm, please provide the TY 2006 unit city carrier collection cost for First-Class letters.

B. Please confirm that according to USPS witness Schenk, the R2001-1 unit city carrier collection cost that she derived for single piece letters for BY 2000 is .65 cents, the difference between 10.22 cents (unit cost with collection costs) and 9.57 cents (unit cost without collection costs). If you cannot confirm, please explain.

C. Please confirm that, according to USPS witness Schenk, the R2001-1 unit rural collection cost that she derived for single piece letters for BY 2000 is .64 cents, the difference between 3.71 cents (unit cost with collection costs) and 3.07 cents (unit cost without collection costs). If you cannot confirm, please explain.

D. Please confirm that, between BY 2000 in R2001-1 and TY 2006 in R2005-1, the unit cost for collecting First-Class letters, as estimated by the Postal Service, increased approximately 260 %, from .65 cents to 2.335 cents.

E. Please confirm that, between BY 2000 in R2001-1 and TY 2006 in R2005-1, the average wage rate has increased 32% from \$27.745 to \$36.716, as shown in Library References LR-USPS-J-117 (R2001-1) and LR-USPS-K-101 (R2005-1). If you cannot confirm, please provide the correct average wage rates for BY 2000 and TY 2006.

F. Please explain exactly why the collection costs have increased by 260% whereas labor costs have increased by only 32%.

Response

A. Confirmed

B. It can be verified that, according to LR-J-117, the ratio of total segment 6 and 7 (with piggybacks applied) single piece letter costs to city carrier single piece letter volume is 10.22 cents. Witness Schenk, in her response to R2001-1/MMA/USPS-T43-6A, stated that if collection costs were removed from the numerator, the ratio is reduced to 9.57 cents for a difference of 0.65.

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TO INTERROGATORIES OF MMA**

However, the 0.65 "unit cost" is not comparable to the 2.33 cent unit collection single piece letter cost confirmed in part A. Neither the numerator nor denominator are comparable with the two ratios. The 2.33 cent unit cost is derived by dividing the collection costs from cost segments 6, 7, and 10, which are approximately \$910 million, by the originating test year single piece letter volume. The 0.65 cent "unit cost" is derived by taking the ratio of city carrier base year single piece letter collection costs for FY2000 to city carrier base year single piece letter volume. As a result of the different nature of the process by which they are derived, they are not comparable.

C. Not confirmed. It can be verified that, according to LR-J-117, the ratio of piggybacked segment 10 single piece letter base year costs to rural cross-walked single piece letter volume is 3.07 cents. After removing collection costs and volumes, as witness Schenk's did in response to R2001/MMA/USPS-T43-6C, I calculated a ratio of 3.61 cents rather than 3.71 cents.

Regardless of the value of the ratio, I do not know how to interpret the "unit costs" derived in the manner suggested in the question. One (3.07 cents) is calculated with all cost segment 10 costs (including collection costs) and collection volumes, and the other (3.61 cents) uses cost segment 10 costs, excluding collection costs, and cost segment 10 volumes, excluding collection volumes.

Logically, if an activity that incurs costs, collection for example, is eliminated from the delivery process, then the unit costs will be lower without those costs. In this question, however, "unit costs" have been derived in such a

**RESPONSE OF POSTAL SERVICE WITNESS KELLEY
TO INTERROGATORIES OF MMA**

manner that the "unit cost" of delivering single piece letters without collection costs (3.61 cents) is more expensive than with collection costs included (3.07 cents). This result is not reasonable. It occurs, of course, because the ratios were calculated with different numerators and denominators. It illustrates, however, the importance, when deriving unit delivery costs by rate category, of using a consistent denominator, such as the originating test year volume by rate category that is used in the CRA.

D. *Not confirmed.*

E. *Confirmed.*

F. I do not confirm the percentage increase cited in the question. My understanding is that collection costs have increased since R2000-1 largely due to the new cost segment 7 methodology. One component of the new methodology is that it applies a higher variability factor to a larger pool of dollars to derive volume variable collection costs from customer boxes.

**RESPONSE OF POSTAL SERVICE WITNESS KELLEY
TO INTERROGATORIES OF MMA**

MMA/USPS-T16-31

Please refer to your further revised response to Interrogatory MMA/USPS-T16-13 (Errata) filed June 17, 2005, where you provided the collection costs that were included in your single piece letter delivery costs as part of your analysis provided in Library Reference LR-USPS-K-67. Please also refer to your responses to MMA/USPS-T-16-19 and 22 where you explain the discrepancy between the rural route volumes shown in Library References LR-USPS-K-67 and those shown in LR-USPS-K-101.

A. Please confirm that collection costs are included in the derivation of unit delivery costs for First-Class letters in both library references. If not, please explain.

B. Please confirm that LR-USPS-K-67 uses 6,955,698 for the First-Class rural route letter volume and LR-USPS-K-101 uses 10,635,376 for the First-Class rural route letter volume. If you cannot confirm, please provide the two correct volume figures.

C. Please confirm that the difference (3,679,678) in the two First-Class rural route letter volume figures (shown in Library References LR-USPS-K-67 and LR-USPS-K-101) reflects rural route volumes that are collected. If you cannot confirm, please explain exactly what this difference represents.

D. Please confirm that, according to your delivery cost study, it costs the Postal Service a total of \$67.7 million to collect 3.680 billion pieces, or about 1.84 cents per piece. If you cannot confirm, please provide the correct unit collection cost for rural carriers and explain your calculations.

E. Using the Postal Service's delivery cost methodology, please provide the comparable unit collection cost for First-Class letters collected by city carriers and provide the total collection cost and volumes used in that computation.

Response

A. Confirmed.

B. Confirmed.

C. Not confirmed. LR-K-101 estimates a rural collection volume of 3,191,920,000 letters. This value is located in cell N18 in worksheet 'Rural Crosswalk' of LR-K-101_Revised.xls. The rural crosswalk also needs to be applied to derive the total rural single piece letters of 10,635,376,000 that is part of LR-K-101.

**RESPONSE OF POSTAL SERVICE WITNESS KELLEY
TO INTERROGATORIES OF MMA**

D. Not confirmed. The question computes a ratio of a test year cost to base year volume. A ratio of \$67.7 million of rural test year single piece letter collection costs to 3 billion test year single piece letters collected volume on rural routes is approximately 2.2 cents per piece.

E. Please refer to my response to MMA/USPS-T16-13 for the city test year collection costs. My understanding is that the city collection volumes are unavailable, so the requested ratio cannot be computed.

Response of Postal Service Witness John Kelley
To Interrogatories Posed by Valpak Dealer's Association, Inc. Redirected from
Witness Michael D. Bradley

VP/USPS-T14-13.

- a. With respect to the volume variable cost for "Sequenced Mail" identified in response to part c of VP/USPS-T14-12 above, please explain (i) how that cost is apportioned among all the individual rate categories that were included and counted as Saturation mail in your study, and (ii) where, in either your testimony or the testimony of some other witness, this apportionment is made.
- b. Please provide the breakdown of volume variable cost apportioned to (i) sequenced ECR Saturation letters, (ii) sequenced ECR Saturation flats, and (iii) all other sequenced mail.

Response:

Please note that the CCSTS attributes cost to class and subclass, not rate category. This is what is required for calculation of base year costs. The further attribution of cost to rate category is done in LR-K-67.

a . (i). Please refer to my revised response to VP/USPS-T16-21 for a detailed explanation of the manner in which sequenced street time costs are distributed to rate categories.

(ii).The breakdown of sequenced mail costs to rate categories is calculated within USPS-LR-K-67. Please refer to my revised response to VP/USPS-T16-21 for the specific worksheets that partition the sequenced costs to rate categories.

b. Please refer to my revised response to VP/USPS-T16-21 for the breakdown of volume variable sequenced costs to rate categories.

United States Postal Service

**Jeffery W. Lewis
(USPS-T-30)**

**RESPONSE OF POSTAL SERVICE WITNESS JEFFERY W. LEWIS
TO INTERROGATORY OF VALPAK DEALERS' ASSOCIATION, INC.**

VP/USPS-T30-13.

Although DALs are not required to be pre-barcoded, it seems conceivable that some mailers nevertheless might barcode their DALs voluntarily.

- a. Is this ever known to occur?
- b. If so, what is the best estimate of the percentage of DALs that are pre-barcoded?
- c. Would having barcodes on DALs facilitate processing? Please explain.

Response

- a. Yes.
- b. *The Postal Service has no estimate of the volume or percentage of the amount of letter-shaped DAL pieces processed on automated equipment.*
- c. Yes, because in today's DPS operations a barcode is required to sort the letter-shaped piece of a DAL mailing, prebarcoding eliminates the need for the Postal Service to encode the pieces prior to DPSing them. However, prebarcoding is not the only consideration regarding whether the Postal Service can DPS the letter-shaped piece of a DAL mailing.

**RESPONSE OF POSTAL SERVICE WITNESS JEFFERY W. LEWIS
TO INTERROGATORY OF VALPAK DEALERS' ASSOCIATION, INC.**

VP/USPS-T30-14.

- a. Are the specifications for DALs such that they could be processed on Delivery Bar Code Sorters ("DBCSs"), Carrier Sequence Bar Code Sorters ("CSBCSs"), or other automation equipment if the Postal Service so desired? That is, do the thickness, height, length, etc. of DALs conform with the specifications for processing on the Postal Service's automation equipment?
- b. Can the Postal Service apply barcodes to DALs by running them through the various pieces of automation equipment that are equipped with Optical Character Readers ("OCRs")?
- c. If Standard ECR flats with DALs are entered at a destinating Processing and Distribution Center ("P&DC"), or upstream of a destinating P&DC, to what extent is automation equipment likely to be used to sort the DALs into delivery point sequence?
- d. Unless the answers to preceding parts of this interrogatory are to the effect that DALs are never sorted on automation equipment, of those DALs that are sorted on automation equipment, please provide your best estimate of the percentage of DALs that are pre-barcoded, and the percentage of DALs that the Postal Service must first barcode before sorting on automation equipment.

Response

- a. Please see the response to VP/USPS-T39-2 in R2001-1.
- b. Yes.
- c. Please see my response to VP/USPS-T30-15.b below. I know there is field interest in DPSing the letter-shaped component of a DAL mailing and that in some places delivery and plant managers have implemented local procedures to do this. I do not know how much more of this processing would occur if mailers entered DAL mailings at or upstream of a plant.

**RESPONSE OF POSTAL SERVICE WITNESS JEFFERY W. LEWIS
TO INTERROGATORY OF VALPAK DEALERS' ASSOCIATION, INC.**

- d. Headquarters guidance regarding DPSing the letter-shaped components of a DAL mailing includes prebarcoding as a prerequisite.

**RESPONSE OF POSTAL SERVICE WITNESS JEFFERY W. LEWIS
TO INTERROGATORY OF VALPAK DEALERS' ASSOCIATION, INC.**

VP/USPS-T30-15.

- a. When Standard ECR flats with DALs are entered at DDUs, are the DALs sometimes returned to the P&DC to be DPS on automation equipment?
- b. If so, please describe the circumstances under which this is likely to occur, and indicate whether pre-barcoding of DALs is a significant consideration in whether they are processed on automation equipment?

Response

- a. Yes.
- b. Prior to a delivery unit decision to return to the plant for DPS processing the letter-shaped piece of a DAL mailing, the delivery unit must address a number of issues. The delivery unit must ensure that the letter-shaped piece is compatible with automated processing and prebarcoded. The delivery unit must determine that there is enough time to allow the plant to process and return the mailing for delivery within service commitments. The delivery unit and the plant must establish mail flow and communications processes to ensure that carriers have both the letter-shaped and flat-shape pieces of the mailing for delivery on the same day.

**RESPONSE OF POSTAL SERVICE WITNESS JEFFERY W. LEWIS
TO INTERROGATORY OF VALPAK DEALERS' ASSOCIATION, INC.**

VP/USPS-T30-16.

- a. To what extent and under what circumstances are DALs sorted with other lettershaped mail (*i.e.*, whether cased manually or by automation equipment)?
- b. Approximately what percentage of DALs are sorted with letter-shaped mail?
- c. To what extent and under what circumstances are DALs cased with flat-shaped mail?
- d. Approximately what percentage of DALs are sorted with flat-shaped mail?
- e. When DALs are cased with flat-shaped mail, and carriers subsequently "finger" pieces in the flat-shaped bundle while on their routes, do carriers ever encounter any difficulty in not seeing or not finding the DALs between larger-sized flats?

Response

a - d. The Postal Service does not maintain statistics that track the number or composition of bundles City carriers take directly to the street. Therefore, it is not possible to know what percentage of DAL mailings the Postal Service sorts either manually or on automation with either letter-shaped or flat-shaped mail.

e. With few exceptions, City carriers combine letter-shaped and flat-shaped mail when preparing mail for delivery. Carriers are very proficient in working with the bundle of letter and flat-shaped mail.

United States Postal Service

**L. Paul Loetscher
(USPS-T-32)**

RESPONSE OF USPS WITNESS L. PAUL LOETSCHER (USPS-T-32) TO
INTERROGATORY OF TIME WARNER, INC.

TW/USPS-T32-1 In Excel spreadsheet "Periodicals Control LR.xls," contained in LR-K-92, you carry out a transformation of a table of Periodicals mail preparation characteristics developed in Docket No. R2000-1, to a table meant to approximate the corresponding FY2004 mail preparation characteristics.

- a. Please confirm that the above is an accurate summary of a function performed by spreadsheet "Periodicals Control LR.xls." If not confirmed, please provide a more accurate description.
- b. Please confirm that the R2000-1 Periodicals data on which your transformation starts are shown in cells G19:N49 of worksheet LR-I-87 in the above mentioned Excel spreadsheet. If not confirmed, please explain.
- c. Please confirm that the only FY2004 data applied in the transformation are: (1) the FY2004 outside county volume in each of the seven presort/auto/non-auto based rate categories; and (2) the percent of outside county volume entered on pallets. If not confirmed, describe any other FY2004 data that you use. Please note that the question refers only to the transformation of R2000-1 data to FY2004, not the subsequent LR-K-92 transformations to account for the test year impact of skin sack elimination and the L008 labeling list.
- d. Please confirm that the R2000-1 data were based on a data collection performed in FY98, controlled to be consistent with FY98 billing determinant data. If not confirmed, when was it conducted?
- e. In the original FY98 data collection, precisely what criteria were used to determine whether a mail piece would be defined as machinable or non-machinable? Please state also whether those criteria are the same as those that apply today for AFSM-100 machinability. If they are not the same, please state whether you made any attempt to adjust the original data accordingly and, if you did make such an adjustment, explain how and where (in which spreadsheet) it was done.

RESPONSE:

- a. Confirmed.
- b. Confirmed.
- c. Confirmed.
- d. Confirmed.

RESPONSE OF USPS WITNESS L. PAUL LOETSCHER (USPS-T-32) TO
INTERROGATORY OF TIME WARNER, INC.

Response to TW/USPS-T32-1 (continued)

- e. In the FY98 study the machinability standards applicable to the FSM 881 as described in DMM issue 52 section C820 were used to determine piece machinability. The DMM machinability criteria in effect when the previous study was conducted differ from the current DMM machinability standards. For example Periodicals flats can weight up to 20 ounces under the current machinability standards where previously the weight restriction was 16 ounces. In the development of the estimates provided in LR-K-92 no attempt was made to adjust the LR-I-87 data for changes in the flats machinability standards.

RESPONSE OF USPS WITNESS L. PAUL LOETSCHER (USPS-T-32) TO
INTERROGATORY OF TIME WARNER, INC.

TW/USPS-T32-2 LR-K-91 describes a Periodicals data collection that included: (1) mail.dat files on 733 publications with circulation over 15,000; and (2) a separate data collection for publications with circulation under 15,000, which involved counts and observations of sampled flats, bundles, sacks and pallets from a total of 343 sampled publications.

- a. Please confirm that the above is a correct summary description of the data collection documented in LR-K-91. If not confirmed, please make the necessary corrections.
- b. Please confirm that all the results of this data collection that are applied in the current rate filing, including LR-K-92, are contained in the Excel spreadsheet "Tables.xls," filed with LR-K-91. If not confirmed, please identify all other tabulations of mail characteristics data used by you or any other USPS witness that are from the data collection described in LR-K-91 but cannot be derived from the data in "Tables.xls."
- c. Were the specific applications that you describe the only reasons for the data collection effort described in LR-K-91? If not, please describe all other applications the data collection was intended for, whether or not they are included in the present rate filing.

RESPONSE:

- a. Confirmed.
- b. Confirmed.

RESPONSE OF USPS WITNESS L. PAUL LOETSCHER (USPS-T-32) TO
INTERROGATORY OF TIME WARNER, INC.

Response to TW/USPS-T32-2 (continued)

- c. The data collection effort described in LR-K-91 was part of an effort intended to measure numerous preparation characteristics of Periodicals Mail. These preparation characteristics include, but are not limited to, the distribution of Periodicals Mail across container type (pallet, sack, or tray), the distribution across container presort level, the distribution of pieces across bundle presort levels, the distribution of container sizes by type and presort level, the distribution of bundle sizes by bundle presort level, the entry profile of containers by container type and container presort level and piece machinability characteristics. The only application of this data included in the present rate filing is the information included in LR-K-91. It is my understanding that the specific uses of the data collection effort have not yet been determined.

RESPONSE OF USPS WITNESS L. PAUL LOETSCHER (USPS-T-32) TO
INTERROGATORY OF TIME WARNER, INC.

TW/USPS-T32-3 Please consider the R2000-1 Periodicals mail characteristics data that are the subject of Interrogatory TW/USPS-T32-1, as tabulated in cells G19:N49 of worksheet LR-I-87 in Excel spreadsheet "Periodicals Control LR.xls." Additionally, please consider the information on worksheet "Ave Bundles" in the same Excel spreadsheet, which contains two tables titled: "LR-I-87 Regular Rate & Nonprofit Periodicals Mail Characteristics, Pieces by Container Type and Package Type;" and "LR-I-87 Regular Rate & Nonprofit Periodicals Mail Characteristics, Package Count by Container Type and Package Type."

- a. In the case of Periodicals for which mail.dat files are available, is there any part of the mail characteristics data referred to above whose FY2004 equivalent cannot be obtained from a suitably selected set of mail.dat files? If yes, please describe the type of information that mail.dat files in your opinion could not provide.
- b. In the case of Periodicals with circulation under 15,000 per issue, for which you conducted a separate data collection with the survey instruments described in LR-K-91, is there any part of the mail characteristics data referred to above whose FY2004 equivalent could not be extracted from your new data collection effort? If yes, please describe all the information you believe the new data collection could not have provided and any change in survey instruments that would have been needed to capture that information.
- c. Why, when you had collected much newer data both on large and small publications that would appear to include all the mail characteristics data presented in LR-K-92, did you choose instead to just modify the FY98 data, collected before the AFSM-100, before any AFSM-100 scheme based labeling list and before all the new discounts introduced in R2001-1 and later, so as to match a few numbers from the FY2004 billing determinants?
- d. Did you use the mail.dat files you collected to derive estimates of the number of pieces per package for different package presort levels, container presort levels, container type or any other characteristics? If yes, please provide that information, or indicate where it is included in the present rate filing.
- e. Does the Postal Service have an updated set of mail characteristics data, based either on the data collection you describe in LR-K-91 or on another data collection performed later than FY98? If yes, please provide copies of such information.

RESPONSE OF USPS WITNESS L. PAUL LOETSCHER (USPS-T-32) TO
INTERROGATORY OF TIME WARNER, INC.

Response to TW/USPS-T32-3 (continued)

- f. Does the Postal Service plan to develop an updated set of mail characteristics data, with a level of detail equal to or better than the data from LR-I-87, based either on the data collected in LR-K-91 or on another new data collection? If yes, when is such information expected to be available?

RESPONSE:

- a-b. As mentioned in my response to TW/USPS-T32-2 part c, the intent of the data collection efforts described in LR-K-91 was to begin to collect data to produce estimates of the preparation characteristics similar to those presented in "Periodicals Control LR.xls". Mail.dat files are constructed to record all the necessary information needed to measure the type of information measured in previous mail characteristics studies. However some of the information needed to produce accurate estimates of all the information measured in previous studies are not required for verification, the current system's intended purpose. At this time it has not been determined if the mail.dat files collected through PostalOne are sufficient to accurately measure items such as piece machinability. The FY 2004 equivalent information was collected with the survey instrument described in LR-K-91.

RESPONSE OF USPS WITNESS L. PAUL LOETSCHER (USPS-T-32) TO
INTERROGATORY OF TIME WARNER, INC.

Response to TW/USPS-T32-3 (continued)

- c. At the time the current rate filing was being prepared estimates of the containerization and package preparation characteristics were under review by the Postal Service and have not yet been finalized. Since neither the preparation estimates themselves nor the cost estimates derived from these data were to be used to support pricing initiatives or rates, the decision was made to divert resources from the production of the preparation characteristics estimates to the production of estimates of the distribution of the number of pieces in Periodicals sacks. The sack size distribution was needed to obtain estimates of the cost reductions resulting from the enforcement of a 24-piece minimum on Periodicals sacks.
- d-f. Yes, we used the data collected to produce estimates of the number of pieces per package for different presort levels, container presort levels, and container type. Since neither the preparation estimates themselves nor the cost estimates derived from these data were to be used to support pricing initiatives or rates they are not included in the present filing. The estimates are still work product and under review by the Postal Service. I do not know when this review will be completed.

RESPONSE OF USPS WITNESS L. PAUL LOETSCHER (USPS-T-32) TO
INTERROGATORY OF TIME WARNER, INC.

TW/USPS-T32-4

- a. Please consider the Periodicals volume from Periodicals with mailed circulation of 15,000 or more per issue. Roughly what portion of that volume is today documented by mail.dat files?
- b. Please consider the Periodicals volume from Periodicals with mailed circulation between 5,000 and 15,000 pieces per issue. Roughly what portion of that volume is today documented by mail.dat files?
- c. Is it fair to say that for the portion of the Periodicals mail volume that is documented by mail.dat files, collection of mail characteristics data today is simply a matter of downloading a suitable set of electronic files that already are being submitted on a regular basis? Please explain any negative answer.

RESPONSE:

- a. In February 2005 roughly 60 percent of FY 2004 volume of publications with mailed circulation over 15,000 pieces was submitted by publications that had at least one mail.dat submitted to PostalOne.
- b. In February 2005 roughly 2.5 percent of FY 2004 volume of publications with mailed circulation between 5,000 and 15,000 pieces was submitted by publications that had at least one mail.dat submitted to PostalOne.
- c. The mail.dat files available to the Postal Service are obtained through the portion of PostalOne designed to allow electronic submission of mailing documentation in lieu of hardcopy documentation. Although the availability of these files is likely to increase the accuracy and reduce the cost of future mail characteristics estimates, the vast number of files submitted and the complexity of the files makes production of mail characteristics from these data anything but simple.

RESPONSE OF USPS WITNESS L. PAUL LOETSCHER (USPS-T-32) TO
INTERROGATORY OF TIME WARNER, INC.

Response to TW/USPS-T32-4 (continued)

The system collecting the mail.dat files was designed to provide acceptance clerks at detached mail units with documentation of a mailing or portion of a mailing for verification purposes and eliminate the need for large hardcopy reports. The system was not specifically intended to enable the production of mail characteristics reports, nor was the system designed to replace or eliminate the need for postage statements. As such, additional analysis is needed to be performed on submitted mail.dat files in order to produce reliable mail characteristic estimates.

The mail.dat files submitted to PostalOne are not required to document the actual physical preparation of a mailing. Although the majority of mail.dat files record the actual physical preparation of the mailing, a few customers will provide a "logical" description of the mailing. These "logical" files document the mailing for verification purposes and ignore height and weight restrictions on bundles and containers. This means a presort location with 50 pounds of mail can be recorded in the mail.dat as a single bundle weighing 50 pounds even though the mailer is likely to have prepared 3 separate bundles each weighing less than the 20 piece package maximum. To produce mail characteristics estimates the files reporting logical containers and packages need to be identified and treated appropriately so that estimates of container and package sizes are not biased.

RESPONSE OF USPS WITNESS L. PAUL LOETSCHER (USPS-T-32) TO
INTERROGATORY OF TIME WARNER, INC.

Response to TW/USPS-T32-4 (continued)

In addition to the logical/physical distinction other nuances of the files make the production of mail characteristics estimates a challenging task. Currently the Postal Service receives thousands of mail.dat files each month for most classes of mail. Files are obtained from multiple locations, various platforms and software vendors. A subtle variation in the presentation of information in a particular field requires modification of the software used to produce estimates. Submitted files are often updated as a result of changes in the customer's drop-shipping decisions and address lists. As a result each update must be paired with the original and the relevant fields changed. These and other data issues serve to make the production of mail characteristics estimates from these data, while possible, a difficult task.

RESPONSE OF USPS WITNESS L. PAUL LOETSCHER (USPS-T-32) TO
INTERROGATORY OF TIME WARNER, INC.

TW/USPS-T32-5 Please consider the Periodicals entry point data that you presented as LR-J-114 in Docket No. R-2001-1.

- a. In the case of Periodicals for which mail.dat files are available, is there any part of the entry point data referred to above whose FY2004 equivalent cannot be obtained from a suitably selected set of mail.dat files? If yes, please describe the parts of the entry point information that mail.dat files in your opinion could not provide.
- b. In the case of Periodicals with circulation under 15,000 per issue, for which you conducted a separate data collection with the survey instruments described in LR-K-91, is there any part of the entry point data referred to above whose FY2004 equivalent could not be extracted from your new data collection effort? If yes, please describe all the entry point information you believe the new data collection could not have provided and any change in survey instruments that would have been needed to capture that information.
- c. Have you or anyone else working for the Postal Service developed updated entry point data based on the data collection described in LR-K-91 or any other data collection conducted later than R2001-1? If yes, please describe the information developed in the manner indicated and provide copies. If no, are there any current plans to develop such updated information?

RESPONSE:

- a-b. The data needed to develop equivalent estimates to those provided in LR-J-114, principally the entry facility ZIP code and container destination ZIP code, can be obtained from mail.dat files and were collected by the survey instrument described in LR-K-91.
- c. The Postal Service is currently in the process of developing entry point information similar to what was produced in LR-J-114; however, this task has not yet been completed.

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USPS-T-32

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, DC 20260-0001

POSTAL RATE AND FEE CHANGES,
PURSUANT TO PUBLIC LAW 108-18

Docket No. R2005-1

TESTIMONY OF
L. PAUL LOETSCHER
ON BEHALF OF
THE UNITED STATES POSTAL SERVICE

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1 **Autobiographical Sketch**

2

3 My name is L. Paul Loetscher. I am a Senior Economist at Christensen
4 Associates, which is an economic research and consulting firm located in
5 Madison, Wisconsin. I joined Christensen Associates in 1995 as a Staff
6 Economist. In 1997 I was promoted to Economist and in 1999 I became a Senior
7 Economist. My education includes a B.A. in economics from Colorado State
8 University in 1990 and an M.A. in economics from Michigan State University in
9 1993. I earned an M.A. by completing coursework and qualifying examinations
10 for a Ph.D. but did not complete a dissertation. While a graduate student at
11 Michigan State University, I was a teaching assistant for four years. I was an
12 instructor for Intermediate Microeconomics, Labor Economics, and Principles of
13 Microeconomics.

14

15 Much of my work at Christensen Associates has dealt with the statistical issues
16 related to the estimation of mail volumes and mail characteristics. In Docket
17 R2004-1 I presented testimony (USPS-T-3) on the size distributions and density
18 of Priority Mail parcels. In Docket No. R2001-1 I presented testimony (USPS-T-
19 41) on the measurement of domestic mail volumes by shape, ounce increment,
20 and rate element, and the measurement of the entry profile of Outside County
21 Periodicals mail pieces.

Modified June 22, 2005

1 **I. Purpose of Testimony and Roadmap Overview**

2

3 The purpose of my testimony is to present and sponsor three library
4 references: USPS-LR-K-87/R2005-1 which contains estimates of revenue,
5 pieces and weight by shape and indicia for First Class Mail, Standard Mail and
6 Periodicals Mail, USPS-LR-K-91/R2005-1 which contains estimates of the
7 distribution of Periodicals Mail sack sizes, and USPS-LR-K-92/R2005-1 which
8 provides estimates of the Standard Mail Mail Entry Point Profile (MEPP) and
9 Periodicals Mail preparation characteristics that are consistent with FY 2004
10 volume distributions.

11 The estimates contained in USPS-LR-K-87/R2005-1 are used by witness
12 Loetscher (USPS-T-32/R2005-1) in the preparation of USPS-LR-K-92/R2005-1,
13 Witness Miller (USPS-T-19/R2005-1), witness Smith (USPS-T-13/R2005-1),
14 witness Kelly (USPS-T-16/R2005-1), witness Page (USPS-T-23), and witness
15 Cutting (USPS-T-26/R2005-1). The estimates contained in USPS-LR-K-
16 91/R2005-1 are used by witness Loetscher (USPS-T-32/R2005-1) in the
17 development of USPS-LR-K-92/R2005-1 and by witness Mayes (USPS-T-
18 25/R2005-1). The estimates contained in USPS-LR-K-92/R2005-1 are used by
19 witness Miller (USPS-T-19/R2005-1), and Mayes (USPS-T-25/R2005-1) and
20 witness Taufique (USPS-T-28/R2005-1).

1 **II. LR-K-87 Revenue Pieces and Weight by Shape, Weight Increment**
2 **and Indicia**

3
4 Estimates of revenue, pieces, and weight by shape and indicia for First-
5 Class Mail, Standard Mail and Periodicals Mail are produced by using the
6 ODIS/RPW sample data and the PostalOne mailing statement database. In
7 developing these estimates, the general methodology and revenue controls used
8 in the production of official RPW estimates are employed, but in this analysis the
9 shape and indicia detail contained in the two data systems is retained and used
10 to distribute official estimates by shape and indicia. In Standard Mail, the
11 distribution across weight increment is produced in addition to the distribution by
12 shape and indicia. This study updates USPS-LR-J-112/R2001-1. A detailed
13 description of the methodology employed in producing these estimates is
14 documented in USPS-LR-K-87/2005-1.

15
16 **III. LR-K-91 Distribution of Periodicals Mail Sack Sizes**

17
18 A national study of Periodicals Mail sacks is used to develop estimates of the
19 distribution of sacks by sack size (number of pieces contained) and sack presort
20 level. The study uses data from a national sample of Periodicals Mail publications
21 with circulation under 15,000 pieces and Mail.dat files obtained through the
22 PostalOne electronic verification system for larger publications. Publications are
23 stratified and weighted using the FY 2003 PERMIT system postage statement

1 data. The study design, data collection procedures and estimation methods are
2 described in detail in USPS-LR-K87/2005-1.

3

4 **IV. LR-K-92 Standard Mail MEPP and Periodicals Mail Preparation**
5 **Characteristics**

6

7 The two studies in USPS-K-92/R2005-1 use FY 2004 shape and rate data from
8 LR-K-87/R2005-1 to develop estimates of the Standard Mail Mail Entry Point
9 Profile (MEPP) and Periodicals Mail flats preparation characteristics that are
10 consistent with the breakthrough productivity initiatives and FY 2004 rates. The
11 impact of the 3-Digit scheme (L008) and sack reduction breakthrough
12 productivity initiatives described by witness McCrery (USPS-T-29) in USPS-LR-
13 K-49 are estimated using information on the contents of less than 24 piece
14 Periodicals Sacks from USPS-LR-K-91 and the distribution destinating volume of
15 Standard Mail and Periodicals Mail by 3-Digit zone from the ODIS/RPW sample.
16 Descriptions of the methodology and assumptions made in these studies are
17 provided in the text of USPS-LR-K-92/R2005-1.

18

**POSTAL RATE COMMISSION
DOCKET NO. R2005-1
DECLARATION OF L. PAUL LOETSCHER**

I hereby declare, under penalty of perjury, that:

I prepared the interrogatory responses, and responses to the Presiding Officer's Information Requests, which were filed under my signature and which have been designated for inclusion in the record in this docket, as amended by errata; and

If I were to respond to these interrogatories and Presiding Officer's Information Requests orally today, the responses would be the same.



L. PAUL LOETSCHER

DATE

6/24/05

United States Postal Service

**Marc D. McCrery
(USPS-T-29)**

Response of Postal Service Witness Marc McCrery
To Interrogatories Posed by Douglas F. Carlson

DFC/USPS-T29-27. Please refer to your response to DFC/USPS-T29-12. Why does postal automation initially spray a bar code corresponding to the old address on mail at the origin P&DC that is identified as a candidate for forwarding?

Response:

PARS uses mail class, ACS information, and sender endorsements to determine the redirection decision for "forwarding candidates". The redirection decision could be to forward, waste, or return to sender. *The redirection information is not always known at the time postal barcodes are applied, and the old barcode may be needed to route the mail to the carrier for review prior to forwarding.*

Response of Postal Service Witness Marc McCrery
To Interrogatories Posed by Douglas F. Carlson

DFC/USPS-T29-28. Please refer to your response to DFC/USPS-T29-13.

- a. If a site is listed as a Phase 1 PARS site, has this site necessarily implemented PARS for the originating, outgoing mail stream, or may this site be using PARS only for mail that is returned to the P&DC from post offices and other delivery units?
- b. At Phase 1 PARS sites, might PARS for originating, outgoing mail be implemented on some but not all machines, such as certain MLOCs but not others?

Response:

The response to DFC/USPS-T29-13 was accompanied by a list of the mail processing sites that received PARS equipment during Phase I. Notice that not all of the listed sites are processing and distribution facilities. A significant number are DDUs.

- a. The answer to this subquestion is site-specific. Processing and distribution facilities have both missions, while DDUs process only destinating mail.
- b. Except for a limited number of oldest DBCSs, all DBCS-ECs and all CSBCSs, the entire inventory of letter automation sorters received a PARS upgrade at PARS phase I sites.

Response of Postal Service Witness Marc McCrery
To Interrogatories Posed by Douglas F. Carlson

DFC/USPS-T29-29. Please refer to your response to DFC/USPS-T29-17. Are the "buckets" the same type of container as the bins into which the machine deposits sorted mail? Does a person need to feed the flats from these buckets into the machine after the images are resolved?

Response:

No. Buckets are transport containers located on the sorting carousel into which mail pieces are deposited after induction into the machine. Each bucket consists of three slots, each capable of carrying a mail piece. Buckets on the sorting carousel circulate around the machine and the mail piece automatically drops into the flat tub when the appropriate output bin becomes available after the mail piece has been resolved. Consequently, an operator does not need to feed the flats from these buckets back into the machine.

Response of Postal Service Witness Marc McCrery
To Interrogatories Posed by Douglas F. Carlson

DFC/USPS-T29-30. Please refer to your response to DFC/USPS-T29-20. Does the San Francisco BMC fall into either one of the two categories of BMC's described in your response?

Response:

Yes.

Response of Postal Service Witness Marc McCrery
To Interrogatories Posed by Douglas F. Carlson

DFC/USPS-T29-31. Please refer to your response to MMA/USPS-T21-25(c).

- a. Please explain when foreign coding began and when it ended.
- b. Was foreign coding ever accomplished by MLOCR's without the assistance of the RBCS?

Response:

- a. The MLOCR has had the ability to code foreign mail since 1996; however, it was never turned on except at the International Service Centers (ISCs). It is my understanding that foreign coding was disabled on all MLOCRs including the ISCs in November, 2002.
- b. Yes, but only at the International Service Centers.

**RESPONSE OF U.S. POSTAL SERVICE WITNESS McCRERY
TO QUESTION POSED BY MMA AT THE JULY 6, 2005 HEARINGS**

TR 5/1753: Please provide, if available, the percentage of non-pre-barcoded First-Class letters that the Postal Service successfully barcoded in FY04.

Response:

Of all of the non-pre-barcoded letters that the Postal Service attempted to barcode, 89.0 percent were successfully coded to the finest depth in FY 2004. All statistics provided thus far in response to interrogatories asking for USPS barcoding resolution rates, including the response to MMA/USPS-T29-2, have been for all classes.

These statistics are not available for only First-Class Mail. Therefore, the far left column on page three of Cross Examination Exhibit MMA-3, reflects an incorrect assumption by MMA that the percentages provided in the response to MMA/USPS-T29-2 apply to First-Class Mail only. Also, please note that 51.4% represents the percentage of letters fed into the ISS that is successfully read and barcoded without the aid of RCR or REC, and thus is not the percentage of Total Barcoded ISS. Finally, it is important to again note that statistics on page three of Cross Examination Exhibit MMA-3 do not factor in leakage and the fact that pieces can bypass RCR and flow directly to the REC as clarified beginning at Tr. 5/1751, together resulting in the percentage in Column 9 that is too high.

RESPONSE OF U.S. POSTAL SERVICE WITNESS McCRERY
TO QUESTION POSED BY MMA AT THE JULY 6, 2005 HEARINGS

Tr. 5/1759. Referring to Cross Examination Exhibit MMA-3, please explain why the total percentage of non-pre-barcoded letters which are successfully barcoded is 82.2 percent, while the percentage of letters DPSed or otherwise automated is 87.2 percent.

Response:

The two numbers represent two different and distinct statistics. "82.2 percent" represents the percentage out of all non-pre barcoded letters to which the Postal Service applied a barcode to the finest depth of code.¹ "87.2 percent" represents the percentage out of all letters on which the Postal Service performs incoming secondary distribution on automation. Additionally, the volume on which incoming secondary distribution is performed manually includes both non-barcoded letters as well as barcoded letters for manual zones.

As noted in response to MMA/USPS-T29-8 and again at Tr. 5/1756, the figures in Columns 4, 8, and 9 on page one of Cross Examination Exhibit MMA-3 cannot be accurately calculated using the class-specific statistics provided in the response to MMA/USPS-T29-8 due to the differences in how the total and class-specific figures are derived.

¹ Please note that this is different from the "89.0 percent" figure provided in response provided to the question asked TR 5/1753. "89.0 percent" is the percentage successfully coded out of just the letters the Postal Service attempted to barcode.

United States Postal Service

**Karen Meehan
(USPS-T-9)**

**RESPONSE OF USPS WITNESS KAREN MEEHAN (USPS-T-9) TO
INTERROGATORY OF THE OFFICE OF THE CONSUMER ADVOCATE**

OCA/USPS-T9-7 Please refer to your response to OCA/USPS-T9-6(c). Your response calculates a unit cost change based upon a revised total BY 2004 volume variable cost for Registered Mail of \$77,999,150, citing Footnote 1, which references your testimony, USPS-T-9, at new page 14, entitled "Base Year 2004 Supplemental Information on Registered Mail."

a. Please confirm that the unit cost change between BY 2000 and BY 2004 is 65.59 percent ($(\$77,999,150 / 5,008,595) / (\$83,824,000 / 8,913,000) - 1$). If you do not confirm, please explain.

b. Please confirm that the Revised Total BY 2004 Volume Variable cost for Registry of \$77,999,150 can be calculated as follows: $(\$81,268 - ((\$4,883 - \$2,101) * 1.175))$. If you do not confirm, please explain.

c. Please confirm that the piggyback factor of 1.175 applied to the difference between the as filed and revised BY 2004 C/S10 rural carrier costs of \$4,883,000 and \$2,101,000, respectively, accounts for all changes in each of the cost segments of Registered Mail.

d. To calculate the Revised Total BY 2004 Volume Variable cost for Registry of \$77,999,150, please provide an algebraic equation demonstrating that the piggyback factor of 1.175 applied to the difference between the as filed and revised BY 2004 C/S10 rural carrier costs of \$4,883,000 and \$2,101,000, respectively, accounts for all changes in each of the cost segments of Registered Mail. Please show all calculations and provide citations for all figures used.

RESPONSE:

a. Not confirmed. The response to OCA/USPS-T9-6(c) shows the calculation for the percentage change with only FY 2004 adjusted to remove the international Registry costs. Judging from the figures used in your calculation, it appears that both FY 2004 and BY 2000 were adjusted to remove the international rural carrier cost. However, because the rural carrier costs affect some other cost segments, the resulting BY 2000 costs are actually a bit smaller than \$83,824,000. The revised BY 2000 total volume variable cost for Registry is reported in the response to OCA/USPS-

RESPONSE OF USPS WITNESS KAREN MEEHAN (USPS-T-9) TO
INTERROGATORY OF THE OFFICE OF THE CONSUMER ADVOCATE

183(c). To make the adjustment to both BY 2000 and FY 2004, the calculation can be made using all the numbers you provided, except the \$83,824,000. Instead use the figure provided in response to OCA/USPS-183(c).

- b. Confirmed.
- c. Confirmed.
- d. Redirected to witness Smith (USPS-T-13).

RESPONSE OF POSTAL SERVICE WITNESS MEEHAN TO
POIR NO. 5, QUESTION 2, PART 1

2. In response to Time Warner's request, the Postal Service has provided the IOCS flat files and mail processing tables for FY 2001 through FY 2003 indicating that certain cost changes took place in FY 2001. In 2004, the Postal Service submitted a complete set of the B Workpapers for FY 2003. Please provide the B Workpapers for FY 2001 and FY 2002 for both the PRC and the USPS versions.

RESPONSE:

For the requested USPS version, please see USPS-LR-K-130, B Workpapers

For FY2001, FY2002, USPS Versions in Response to POIR No. 5, Item 2.

United States Postal Service

**Michael W. Miller
(USPS-T-20)**

RESPONSE OF POSTAL SERVICE WITNESS MILLER TO
POIR NO. 4, QUESTION 11(b)

11. Refer to Docket No. R2000-1, the response to ABA&NAPM/USPS-T24-12 (Tr. 7/3047-3062). In this response, witness Miller provides a brief description of each component of mail processing costs used to estimate letter and card worksharing savings and explains the rationale for categorizing each pool as worksharing related proportional, worksharing related fixed, or non-worksharing related fixed.

(b) Please provide a similar description and rationale for the categorization of the pools used to estimate worksharing related savings for First-Class, Standard, and Periodicals flat-shaped mail.

RESPONSE:

b) It should be noted that the cost estimates described in USPS-T-19 were not relied upon to support rate design. Some of the estimates covered by that testimony were used as a means to estimate final adjustments.

The cost pool classifications described in the Docket No. R2000-1 response to ABA&NAPM/USPS-T24-12 concerned the cards / letters cost models. Three classifications were used: worksharing related proportional, worksharing related fixed, and non-worksharing related fixed. The proportional cost pools were those worksharing related cost pools that represented tasks actually included in the mail flow models. Those cost pools that were determined to be worksharing related, but which were not modeled, were classified as worksharing related fixed. Those cost pools that were determined not to be directly affected by the presorting and/or prebarcoding of cards and letters were classified as non-worksharing related fixed.

The cards / letters cost models estimate piece and bundle (in the very limited case of nonmachinable nonautomation presort mail and automation carrier route presort mail) distribution costs. Although the cards / letters cost models results do not support rate design in the instant proceeding, the goal of those cost models in a normal rate case are to estimate the worksharing related savings by rate category. A pricing

RESPONSE OF POSTAL SERVICE WITNESS MILLER TO
POIR NO. 4, QUESTION 11(b)

witness would then normally rely on those estimates while developing rate design.

Given that the cost models rely on multiple CRA mail processing unit costs by shape, those cost pools which are classified as worksharing related fixed have an impact on the savings estimates by rate category. If those cost pools would have been reclassified as non-worksharing related fixed, the savings estimates would have decreased.

As both the cards / letters and flats cost witness in Docket No. R2001-1, I used the same cost pool classifications for consistency purposes. While the flats cost models estimate piece and bundle distribution costs, the outputs of the flats cost models are total mail processing unit cost estimates by rate category rather than worksharing related savings estimates, which have not historically been calculated; there is no formal flats cost benchmark. The pricing witnesses generally evaluate the mail processing cost differences between rate categories in developing their rate proposals. Given that only one CRA mail processing unit cost by shape is used per class of mail, the classification of a given cost pool as worksharing related fixed has no bearing on the results.

For the First-Class Mail Presort flats, Periodicals Outside County flats, and Standard Mail (Regular and Nonprofit combined) presort flats cost studies, the CRA mail processing unit cost estimates by shape can be found in USPS-LR-K-43, pages 3, 36, and 71, respectively. Those estimates are subdivided into 63 cost pools.

Those cost pools that represent worksharing related tasks included in the mail flow models have been classified as worksharing related proportional. Those cost pools that represent tasks deemed to be worksharing related, but which are not included in the models, have been classified as worksharing related fixed. Those costs pools

RESPONSE OF POSTAL SERVICE WITNESS MILLER TO
POIR NO. 4, QUESTION 11(b)

representing tasks that are not considered to be directly affected by the presorting and/or prebarcoding of flat-shaped mail have been classified as non-worksharing related fixed. The classifications are based upon the task content associated with each cost pool. Please bear in mind that the goal of the cost studies is to isolate the value of mailer presorting and/or prebarcoding efforts.

Cost Pool No. 1: BCS/ Classification: Non-worksharing related fixed

The Management Operating Data System (MODS) operation numbers that are "mapped" to this cost pool can be found in USPS-LR-K-55, page I-12. These operation numbers represent tasks performed using the Mail Processing Bar Code Sorter (MPBCS), which is a machine used to process card-shaped and letter-shaped mail. These costs would generally not be affected by mailer presorting and/or prebarcoding efforts for flat-shaped mail.

Cost Pool No. 2: BCS/DBCS Classification: Non-worksharing related fixed

The MODS operation numbers that are mapped to this cost pool can be found in USPS-LR-K-55, pages I-12 to I-13. These operation numbers represent tasks performed using various forms of the Delivery Bar Code Sorter (DBCS) and the Carrier Sequence Bar Code Sorter (CSBCS), which are machines used to process card-shaped and letter-shaped mail. These costs would generally not be affected by mailer presorting and/or prebarcoding efforts for flat-shaped mail.

Cost Pool No. 3: OCR/ Classification: Non-worksharing related fixed

The MODS operation numbers that are mapped to this cost pool can be found in USPS-LR-K-55, pages I-13 to I-14. These operation numbers represent tasks performed using

RESPONSE OF POSTAL SERVICE WITNESS MILLER TO
POIR NO. 4, QUESTION 11(b)

the Multi Line Optical Character Reader (MLOCR), which is a machine used to process card-shaped and letter-shaped mail. These costs would generally not be affected by mailer presorting and/or prebarcoding efforts for flat-shaped mail.

Cost Pool No. 4: AFSM100 Classification: Worksharing related proportional

The MODS operation numbers that are mapped to this cost pool can be found in USPS-LR-K-55, page I-14. These operation numbers represent tasks performed using the Automated Flats Sorting Machine Model 100 (AFSM100), which are included in the mail flow model. These costs would be affected by mailer presorting and/or prebarcoding efforts for flat-shaped mail.

Cost Pool No. 5: FSM/ Classification: Worksharing related proportional

The MODS operation numbers that are mapped to this cost pool can be found in USPS-LR-K-55, pages I-14 to I-15. These operation numbers represent tasks performed using the Flats Sorting Machine Model 881 (FSM881), which have all been removed from the postal mail processing network. Consequently, the cost pool value for the three flats classes of mail is 0.000 cents. If any FSM881s were still found in the postal network, *these costs would have been affected by mailer presorting and/or prebarcoding efforts* for flats-shaped mail. They also would have been included in the mail flow model.

Cost Pool No. 6: FSM/1000 Classification: Worksharing related proportional

The MODS operation numbers that are mapped to this cost pool can be found in USPS-LR-K-55, page I-15. These operation numbers represent tasks performed using the Upgraded Flats Sorting Machine Model 1000 (UFSM1000), which are included in the mail flow model. These costs would be affected by mailer presorting and/or prebarcoding efforts for flat-shaped mail.

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Cost Pool No. 7: MECPARC Classification: Non-worksharing related fixed

The MODS operation numbers that are mapped to this cost pool can be found in USPS-LR-K-55, page I-15. These operation numbers represent tasks performed using mechanized parcel sorting equipment. These costs would generally not be affected by mailer presorting and/or prebarcoding efforts for flat-shaped mail.

Cost Pool No. 8: SPBSOTH Classification: Worksharing related proportional
Cost Pool No. 9: SPBSPRIO Classification: Worksharing related proportional

The MODS operation numbers that are mapped to these cost pools can be found in USPS-LR-K-55, pages I-15 to I-16. These operation numbers represent tasks (e.g., flats bundle processing) performed using the Small Parcel and Bundle Sorter (SPBS), which are included in the mail flow model. These costs would be affected by mailer presorting and/or prebarcoding efforts for flat-shaped mail.

Cost Pool No. 10: 1SACKS_M Classification: Non-worksharing related fixed

The MODS operation numbers that are mapped to this cost pool can be found in USPS-LR-K-55, page I-16. These operation numbers represent tasks performed using mechanized sack sorting equipment. These costs would not be directly affected by mailer presorting and/or prebarcoding efforts for flat-shaped mail.

Cost Pool No. 11: 1TRAYSRT Classification: Non-worksharing related fixed

The MODS operation numbers that are mapped to this cost pool can be found in USPS-LR-K-55, page I-16. These operation numbers represent tasks performed using mechanized tray sorters and robotics equipment. These costs are affected by other characteristics, such as whether the mail is entered locally, and would not be directly affected by mailer presorting and/or prebarcoding efforts for flat-shaped mail.

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Cost Pool No. 12: MANF Classification: Worksharing related proportional

The MODS operation numbers that are mapped to this cost pool can be found in USPS-LR-K-55, page I-16. These operation numbers represent tasks performed using manual flats cases, which are included in the mail flow model. These costs would be affected by mailer presorting and/or prebarcoding efforts for flat-shaped mail.

Cost Pool No. 13: MANL Classification: Non-worksharing related fixed

The MODS operation numbers that are mapped to this cost pool can be found in USPS-LR-K-55, pages I-16 to I-17. These operation numbers represent tasks performed using manual letters cases. These costs are generally not affected by mailer presorting and/or prebarcoding efforts for flat-shaped mail.

Cost Pool No. 14: MANP Classification: Non-worksharing related fixed

The MODS operation numbers that are mapped to this cost pool can be found in USPS-LR-K-55, page I-17. These operation numbers represent tasks performed using manual parcel operations. These costs are generally not affected by mailer presorting and/or prebarcoding efforts for flat-shaped mail.

Cost Pool No. 15: PRIORITY Classification: Non-worksharing related fixed

The MODS operation numbers that are mapped to this cost pool can be found in USPS-LR-K-55, page I-17. These operation numbers represent tasks performed using manual Priority Mail operations. These costs are not directly affected by mailer presorting and/or prebarcoding efforts for First-Class Mail presort, Periodicals Outside County, and Standard Mail flat-shaped mail.

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Cost Pool No. 16: LD15 Classification: Worksharing related proportional

The MODS operation numbers that are mapped to this cost pool can be found in USPS-LR-K-55, page I-17. These operation numbers represent tasks performed by the Data Conversion Operator (DCO) "keyers," which are included in the mail flow model. These costs would be affected by mailer presorting and/or prebarcoding efforts for flat-shaped mail.

Cost Pool No. 17: 1CANCEL Classification: Non-worksharing related fixed

The MODS operation numbers that are mapped to this cost pool can be found in USPS-LR-K-55, pages I-17 to I-18. These operation numbers represent tasks performed in cancellation operations. These costs are not directly affected by mailer presorting and/or prebarcoding efforts for First-Class Mail presort, Periodicals Outside County, and Standard Mail flat-shaped mail.

Cost Pool No. 18: 1DSPATCH Classification: Non-worksharing related fixed

The MODS operation numbers that are mapped to this cost pool can be found in USPS-LR-K-55, page I-18. These operation numbers represent tasks required to prepare mail for dispatch. These costs are affected by other characteristics, such as whether mail is entered locally, and are therefore not directly affected by mailer presorting and/or prebarcoding efforts for flat-shaped mail.

Cost Pool No. 19: 1FLATPRP Classification: Worksharing related fixed

The 035 MODS operation number is mapped to this cost pool and can be found in USPS-LR-K-55, page I-18. This operation number represents the bundle opening and Flat Mail Cart (FMC) preparation tasks, which are not included in the mail flow model.

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These costs, however, would be incurred as a result of a given mailer choosing to engage in worksharing activities.

Cost Pool No. 20: 1MTRPREP Classification: Non-worksharing related fixed

The MODS operation numbers that are mapped to this cost pool can be found in USPS-LR-K-55, page I-18. These operation numbers represent tasks performed on meter belts. These costs are not directly affected by mailer presorting and/or prebarcoding efforts for First-Class Mail presort, Periodicals Outside County, and Standard Mail flat-shaped mail.

Cost Pool No. 21: 1OPBULK Classification: Worksharing related proportional
Cost Pool No. 22: 1OPPREF Classification: Worksharing related proportional

The MODS operation numbers that are mapped to these cost pools can be found in USPS-LR-K-55, page I-18. These operation numbers represent tasks performed in opening unit operations (e.g., manual bundle sorting activities), which are included in the mail flow model. These costs would be affected by mailer presorting and/or prebarcoding efforts for flat-shaped mail.

Cost Pool No. 23: 1OPTRANS Classification: Non-worksharing related fixed

The MODS operation number that is mapped to this cost pool can be found in USPS-LR-K-55, page I-18. This operation number represents tasks required to weigh mail into the postal network. These costs are not directly affected by mailer presorting and/or prebarcoding efforts for First-Class Mail presort, Periodicals Outside County, and Standard Mail flat-shaped mail.

Cost Pool No. 24: 1PLATFRM Classification: Non-worksharing related fixed

The MODS operation numbers that are mapped to this cost pool can be found in USPS-LR-K-55, pages I-18 to I-19. *These operation numbers represent tasks performed by*

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postal dock employees. These costs are affected by other factors, such as whether a mailing is entered locally, and are not directly affected by mailer presorting and/or prebarcoding efforts. Furthermore, the destination entry cost studies cover some tasks found in this cost pool for Periodicals and Standard Mail.

Cost Pool No. 25: 1POUCHNG Classification: Worksharing related proportional

The MODS operation numbers that are mapped to this cost pool can be found in USPS-LR-K-55, page I-19. These operation numbers represent tasks performed on pouch racks (e.g., bundle sorting activities), which are included in the mail flow model. These costs would be affected by mailer presorting and/or prebarcoding efforts for flat-shaped mail.

Cost Pool No. 26: 1PRESORT Classification: Worksharing related fixed

The MODS operation numbers that are mapped to this cost pool can be found in USPS-LR-K-55, page I-19. These operation numbers represent tasks associated with the "cutting," or organizing, of presort mail based on the next operation, which are not included in the cost model. These costs, however, would be incurred as a result of a mailer choosing to engage in worksharing activities.

Cost Pool No. 27: 1SACKS_H Classification: Non-worksharing related fixed

The MODS operation number that is mapped to this cost pool can be found in USPS-LR-K-55, page I-19. The operation number represents tasks performed using manual sack sorting operations. These costs would not be directly affected by mailer presorting and/or prebarcoding efforts for flat-shaped mail.

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Cost Pool No. 28: 1SCAN Classification: Non-worksharing related fixed

The MODS operation numbers that are mapped to this cost pool can be found in USPS-LR-K-55, page I-19. The operation numbers represent tasks required to prepare mail for air transportation, which is a function of the class of mail and whether that mail has been entered locally. These costs would not be directly affected by mailer presorting and/or prebarcoding efforts for flat-shaped mail.

Cost Pool No. 29: BUSREPLY Classification: Non-worksharing related fixed

The MODS operation numbers that are mapped to this cost pool can be found in USPS-LR-K-55, page I-19. The operation numbers represent tasks performed in nixie and postage due operations. These costs would not be directly affected by mailer presorting and/or prebarcoding efforts for flat-shaped mail.

Cost Pool No. 30: EXPRESS Classification: Non-worksharing related fixed

The MODS operation numbers that are mapped to this cost pool can be found in USPS-LR-K-55, page I-19. The operation numbers represent tasks performed in Express Mail operations. These costs would not be directly affected by mailer presorting and/or prebarcoding efforts for First-Class Mail presort, Periodicals Outside County, and Standard Mail flat-shaped mail.

Cost Pool No. 31: MAILGRAM Classification: Non-worksharing related fixed

The MODS operation number that is mapped to this cost pool can be found in USPS-LR-K-55, page I-19. The operation number represents Mailgram tasks. These costs would not be directly affected by mailer presorting and/or prebarcoding efforts for First-Class Mail presort, Periodicals Outside County, or Standard Mail flat-shaped mail.

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Cost Pool No. 32: REGISTRY Classification: Non-worksharing related fixed

The MODS operation numbers that are mapped to this cost pool can be found in USPS-LR-K-55, page I-19. The operation numbers represent tasks performed in the Registry Section. These costs would not be directly affected by mailer presorting and/or prebarcoding efforts for First-Class Mail presort, Periodicals Outside County, and Standard Mail flat-shaped mail.

Cost Pool No. 33: REWRAP Classification: Non-worksharing related fixed

The MODS operation numbers that are mapped to this cost pool can be found in USPS-LR-K-55, page I-19. The operation numbers represent tasks performed in rewrap and repair operations. These costs would not be directly affected by mailer presorting and/or prebarcoding efforts for First-Class Mail presort, Periodicals Outside County, and Standard Mail flat-shaped mail.

Cost Pool No. 34: 1EEQMT Classification: Non-worksharing related fixed

The MODS operation numbers that are mapped to this cost pool can be found in USPS-LR-K-55, page I-20. The operation numbers represent tasks associated with empty equipment processing. These costs would not be directly affected by mailer presorting and/or prebarcoding efforts for First-Class Mail presort, Periodicals Outside County, and Standard Mail flat-shaped mail.

Cost Pool No. 35: 1MISC Classification: Non-worksharing related fixed

The MODS operation numbers that are mapped to this cost pool can be found in USPS-LR-K-55, page I-20. The operation numbers represent various administrative tasks. These costs would not be directly affected by mailer presorting and/or prebarcoding

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efforts for First-Class Mail presort, Periodicals Outside County, and Standard Mail flat-shaped mail.

Cost Pool No. 36: 1SUPPORT Classification: Non-worksharing related fixed

The MODS operation numbers that are mapped to this cost pool can be found in USPS-LR-K-55, page I-20. The operation numbers represent various administrative tasks. These costs would not be directly affected by mailer presorting and/or prebarcoding efforts for First-Class Mail presort, Periodicals Outside County, and Standard Mail flat-shaped mail.

Cost Pool No. 37: INTL ISC Classification: Non-worksharing related fixed

The methodology used to estimate ISC costs is described in USPS-LR-K-55, page I-3. This cost pool represents the tasks performed at International Service Centers (ISC). These costs would not be directly affected by mailer presorting and/or prebarcoding efforts for First-Class Mail presort, Periodicals Outside County, and Standard Mail flat-shaped mail.

Cost Pool No. 38: PMPC Classification: Non-worksharing related fixed

The methodology used to estimate PMPC costs is described in USPS-LR-K-55, page I-3. This cost pool represents the tasks performed at Priority Mail Processing Centers (PMPC). These costs would not be directly affected by mailer presorting and/or prebarcoding efforts for First-Class Mail presort, Periodicals Outside County, and Standard Mail flat-shaped mail.

Cost Pool No. 39: LD41 Classification: Non-worksharing related fixed

The methodology used to estimate cost pool LD41 can be found in USPS-LR-K-55, page I-3. The costs mapped to this cost pool represent those Customer Service tasks

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performed in Labor Distribution Code (LDC) 41. This LDC represents automated letters. These costs would therefore not be affected by mailer presorting and/or prebarcoding efforts for flat-shaped mail.

Cost Pool No. 40: LD42	Classification: Worksharing related proportional
Cost Pool No. 41: LD43	Classification: Worksharing related proportional
Cost Pool No. 42: LD44	Classification: Worksharing related proportional

The methodology used to estimate the LD42, LD43, and LD44 cost pools can be found in USPS-LR-K-55, page I-3. The costs mapped to these cost pools represent those Customer Service tasks performed in LDCs 42, 43, and 44. These LDCs represent mechanized, manual, and post office box distribution operations, respectively, which can all involve the sortation of flat-shaped mail. These costs would therefore be affected by mailer presorting and/or prebarcoding efforts for flat-shaped mail.

Cost Pool No. 43: LD48 EXP Classification: Non-worksharing related fixed

The costs mapped to this cost pool represent various administrative Express Mail tasks, which are performed in the Customer Service function. These costs would not be directly affected by mailer presorting and/or prebarcoding efforts for First-Class Mail presort, Periodicals Outside County, and Standard Mail flat-shaped mail.

Cost Pool No. 44: LD48 OTH	Classification: Non-worksharing related fixed
Cost Pool No. 45: LD48_ADM	Classification: Non-worksharing related fixed
Cost Pool No. 46: LD48_SSV	Classification: Non-worksharing related fixed

The costs mapped to this cost pool represent various other administrative tasks, which are performed in the Customer Service function. These costs would not be directly affected by mailer presorting and/or prebarcoding efforts for First-Class Mail presort, Periodicals Outside County, and Standard Mail flat-shaped mail.

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Cost Pool No. 47: LD49 Classification: Non-worksharing related fixed

The MODS operation numbers that are mapped to this cost pool can be found in USPS-LR-K-55, page I-20. These operation numbers represent tasks associated with the forwarding and return of mail. These costs would not be affected by a mailer's decision to engage in worksharing activities.

Cost Pool No. 48: LD79 Classification: Worksharing related fixed

The MODS operation numbers that are mapped to these cost pools can be found in USPS-LR-K-55, page I-20. These operation numbers represent tasks associated with the acceptance and verification of mail. These costs would be affected by a mailer's decision to engage in worksharing activities.

Cost Pool No. 49: 1SUPP_F1 Classification: Non-worksharing related fixed

The costs mapped to this cost pool represent various mail processing administrative tasks. These costs would not be directly affected by mailer presorting and/or prebarcoding efforts for First-Class Mail presort, Periodicals Outside County, and Standard Mail flat-shaped mail.

Cost Pool No. 50: NMO Classification: Non-worksharing related fixed

The costs mapped to this cost pool represent Non Machinable Outside (NMO) parcel operations performed at Bulk Mail Centers (BMC). These costs would not be affected by mailer presorting and/or prebarcoding efforts for flat-shaped mail.

Cost Pool No. 51: OTHR Classification: Non-worksharing related fixed

The costs mapped to this cost pool represent various allied support operations performed at BMCs. These costs would not be affected by mailer presorting and/or

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prebarcoding efforts for flat-shaped mail. Furthermore, some of these costs may be covered by the destination entry cost studies for Periodicals and Standard Mail.

Cost Pool No. 52: PLA Classification: Non-worksharing related fixed

The costs mapped to this cost pool represent various allied platform operations performed at BMCs. These costs are affected by other factors, such as whether a mailing is entered locally, and are not directly affected by mailer presorting and/or prebarcoding efforts. Furthermore, the destination entry cost studies cover some tasks found in this cost pool for Periodicals and Standard Mail.

Cost Pool No. 53: PSM Classification: Non-worksharing related fixed

The costs mapped to this cost pool represent Parcel Sorting Machine (PSM) operations performed at BMCs. These costs would not be affected by mailer presorting and/or prebarcoding efforts for flat-shaped mail.

Cost Pool No. 54: SPB Classification: Worksharing related proportional

The costs mapped to this cost pool represent SPBS tasks performed at BMCs, which are included in the mail flow model. These costs would be affected by mailer presorting and/or prebarcoding efforts for flat-shaped mail.

Cost Pool No. 55: SSM Classification: Non-worksharing related fixed

The costs mapped to this cost pool represent Sack Sorting Machine (SSM) operations performed at BMCs. These costs would not be directly affected by mailer presorting and/or prebarcoding efforts for First-Class Mail presort, Periodicals Outside County, and Standard Mail flat-shaped mail.

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Cost Pool No. 56: ALLIED Classification: Non-worksharing related fixed

The costs mapped to this cost pool represent various allied operations performed at non-MODS sites. These costs are affected by other factors, such as whether a mailing is entered locally, and are not directly affected by mailer presorting and/or prebarcoding efforts. Furthermore, the destination entry cost studies cover some tasks found in this cost pool for Periodicals and Standard Mail.

Cost Pool No. 57: AUTO/MECH Classification: Worksharing related proportional

The costs mapped to this cost pool represent automation and mechanization tasks performed at non-MODS offices, which can involve the distribution of flat-shaped mail. These costs would therefore be affected by mailer presorting and/or prebarcoding efforts for flat-shaped mail.

Cost Pool No. 58: EXPRESS Classification: Non-worksharing related fixed

The costs mapped to this cost pool represent Express Mail operations performed at non-MODS sites. These costs would therefore not be affected by mailer presorting and/or prebarcoding efforts for First-Class Mail presort, Periodicals Outside County, and Standard Mail flats.

Cost Pool No. 59: MANF Classification: Worksharing related proportional

The costs mapped to this cost pool represent manual flats sorting tasks performed at non-MODS offices, which are included in the mail flow model. These costs would be affected by mailer presorting and/or prebarcoding efforts for flat-shaped mail.

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Cost Pool No. 60: MANL Classification: Non-worksharing related fixed

The costs mapped to this cost pool represent manual letters sorting tasks performed at non-MODS offices. These costs would not be affected by mailer presorting and/or prebarcoding efforts for flat-shaped mail.

Cost Pool No. 61: MANP Classification: Non-worksharing related fixed

The costs mapped to this cost pool represent manual parcels sorting tasks performed at non-MODS offices. These costs would not be affected by mailer presorting and/or prebarcoding efforts for flat-shaped mail.

Cost Pool No. 62: MISC Classification: Non-worksharing related fixed

The costs mapped to this cost pool represent various administrative tasks performed at non-MODS offices. These costs would not be affected by mailer presorting and/or prebarcoding efforts for flat-shaped mail.

Cost Pool No. 63: REGISTRY Classification: Non-worksharing related fixed

The costs mapped to this cost pool represent Registry Section tasks performed at non-MODS offices. These costs would not be affected by mailer presorting and/or prebarcoding efforts for flat-shaped mail.

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11. Refer to Docket No. R2000-1, the response to ABA&NAPM/USPS-T24-12 (Tr. 7/3047-3062). In this response, witness Miller provides a brief description of each component of mail processing costs used to estimate letter and card worksharing savings and explains the rationale for categorizing each pool as worksharing related proportional, worksharing related fixed, or non-worksharing related fixed.

(c) Please provide a similar description and rationale for the categorization of the pools used to estimate cost differentials for Parcel Post mail.

RESPONSE:

(c) It should be noted that the cost estimates described in USPS-T-20 were not relied upon to support rate design. Some of the estimates covered by that testimony were used as a means to estimate final adjustments.

Please see the response to POIR No. 4, Question 11(b) for a description of how the cost pool classifications affect both the cards / letters and flats cost models.

The parcels cost models estimate mail processing piece and container costs and, in limited instances, some window service costs. The outputs of those cost models include some savings estimates, but those estimates generally involve the comparison of one rate category to another. In preparing for this docket, the decision was made to minimize methodology changes to the extent practicable. I therefore rely on the same cost pool classifications as those used by witness Eggleston in Docket No. R2001-1, which consist of two classifications: proportional and fixed (whether deemed worksharing related or not). Had I used the same three cards / letters and flats cost pool classifications, the results would not have differed in any way because only one CRA mail processing unit cost estimate by shape is relied upon for the affected Package Services subclasses. Consequently, the classification of a cost pool as worksharing related fixed, rather than non-worksharing related fixed, would have had no impact on

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the results. Furthermore, CRA mail processing unit costs by shape and by cost pool were only relied on to support the Parcel Post and Library Mail / Media Mail cost models. The Bound Printed Matter cost model did not rely on a CRA mail processing unit cost by shape estimate.

For Parcel Post, the CRA mail processing unit cost estimate by shape can be found in USPS-LR-K-46, page 2. This estimate is subdivided into 63 cost pools. Those cost pools that represent tasks included in the mail flow models have been classified as proportional. All other tasks have been classified as fixed.

Cost Pool No. 1: BCS/ Classification: Fixed

The Management Operating Data System (MODS) operation numbers that are "mapped" to this cost pool can be found in USPS-LR-K-55, page I-12. These operation numbers represent tasks performed using the Mail Processing Bar Code Sorter (MPBCS), which is a machine used to process card-shaped and letter-shaped mail. These costs would generally not be affected by mailer presorting and/or prebarcoding efforts for parcel-shaped mail and were not included in the mail flow model. This cost pool was therefore classified as fixed.

Cost Pool No. 2: BCS/DBCS Classification: Fixed

The MODS operation numbers that are mapped to this cost pool can be found in USPS-LR-K-55, pages I-12 to I-13. These operation numbers represent tasks performed using various forms of the Delivery Bar Code Sorter (DBCS) and the Carrier Sequence Bar Code Sorter (CSBCS), which are machines used to process card-shaped and letter-shaped mail. These costs would generally not be affected by mailer presorting and/or

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prebarcoding efforts for parcel-shaped mail and were not included in the mail flow model. This cost pool was therefore classified as fixed.

Cost Pool No. 3: OCR/ Classification: Fixed

The MODS operation numbers that are mapped to this cost pool can be found in USPS-LR-K-55, pages I-13 to I-14. These operation numbers represent tasks performed using the Multi Line Optical Character Reader (MLOCR), which is a machine used to process card-shaped and letter-shaped mail. These costs would generally not be affected by mailer presorting and/or prebarcoding efforts for parcel-shaped mail and were not included in the mail flow model. This cost pool was therefore classified as fixed.

Cost Pool No. 4: AFSM100 Classification: Fixed

The MODS operation numbers that are mapped to this cost pool can be found in USPS-LR-K-55, page I-14. These operation numbers represent tasks performed using the Automated Flats Sorting Machine Model 100 (AFSM100). These costs would not be affected by mailer presorting and/or prebarcoding efforts for parcel-shaped mail and were not included in the mail flow model. This cost pool was therefore classified as fixed.

Cost Pool No. 5: FSM/ Classification: Fixed

The MODS operation numbers that are mapped to this cost pool can be found in USPS-LR-K-55, pages I-14 to I-15. These operation numbers represent tasks performed using the Flats Sorting Machine Model 881 (FSM881), which have all been removed from the postal mail processing network. These costs would not be affected by mailer presorting and/or prebarcoding efforts for parcel-shaped mail and were not included in the mail flow model. This cost pool was therefore classified as fixed.

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Cost Pool No. 6: FSM/1000 Classification: Fixed

The MODS operation numbers that are mapped to this cost pool can be found in USPS-LR-K-55, page I-15. These operation numbers represent tasks performed using the Upgraded Flats Sorting Machine Model 1000 (UFSM1000). These costs would not be affected by mailer presorting and/or prebarcoding efforts for parcel-shaped mail and were not included in the mail flow model. This cost pool was therefore classified as fixed.

Cost Pool No. 7: MECPARC Classification: Proportional

The MODS operation numbers that are mapped to this cost pool can be found in USPS-LR-K-55, page I-15. These operation numbers represent tasks performed using mechanized parcel sorting equipment, which are included in the mail flow model. This cost pool was therefore classified as proportional.

Cost Pool No. 8: SPBS OTH Classification: Fixed
Cost Pool No. 9: SPBSPRIO Classification: Fixed

The MODS operation numbers that are mapped to these cost pools can be found in USPS-LR-K-55, pages I-15 to I-16. These operation numbers represent tasks (e.g., flats bundle processing) performed using the Small Parcel and Bundle Sorter (SPBS) at MODS plants. These costs would not be affected by mailer presorting and/or prebarcoding efforts for parcel-shaped mail and were not included in the mail flow model. These cost pools were therefore classified as fixed.

Cost Pool No. 10: 1SACKS_M Classification: Proportional

The MODS operation numbers that are mapped to this cost pool can be found in USPS-LR-K-55, page I-16. These operation numbers represent tasks performed using

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mechanized sack sorting equipment, which is included in the mail flow model. This cost pool was therefore classified as proportional.

Cost Pool No. 11: 1TRAYSRT Classification: Fixed

The MODS operation numbers that are mapped to this cost pool can be found in USPS-LR-K-55, page I-16. These operation numbers represent tasks performed using mechanized tray sorters and robotics equipment. These costs would not be affected by mailer presorting and/or prebarcoding efforts for parcel-shaped mail and were not included in the mail flow model. This cost pool was therefore classified as fixed.

Cost Pool No. 12: MANF Classification: Fixed

The MODS operation numbers that are mapped to this cost pool can be found in USPS-LR-K-55, page I-16. These operation numbers represent tasks performed using manual flats cases. These costs would not be affected by mailer presorting and/or prebarcoding efforts for parcel-shaped mail and were not included in the mail flow model. This cost pool was therefore classified as fixed.

Cost Pool No. 13: MANL Classification: Fixed

The MODS operation numbers that are mapped to this cost pool can be found in USPS-LR-K-55, pages I-16 to I-17. These operation numbers represent tasks performed using manual letters cases. These costs would not be affected by mailer presorting and/or prebarcoding efforts for parcel-shaped mail and were not included in the mail flow model. This cost pool was therefore classified as fixed.

Cost Pool No. 14: MANP Classification: Proportional

The MODS operation numbers that are mapped to this cost pool can be found in USPS-LR-K-55, page I-17. These operation numbers represent tasks performed using manual

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parcel operations, which were included in the mail flow model. This cost pool was therefore classified as proportional.

Cost Pool No. 15: PRIORITY Classification: Fixed

The MODS operation numbers that are mapped to this cost pool can be found in USPS-LR-K-55, page I-17. These operation numbers represent tasks performed using manual Priority Mail operations. These costs would not be affected by mailer presorting and/or prebarcoding efforts for parcel-shaped mail and were not included in the mail flow model. This cost pool was therefore classified as fixed.

Cost Pool No. 16: LD15 Classification: Fixed

The MODS operation numbers that are mapped to this cost pool can be found in USPS-LR-K-55, page I-17. These operation numbers represent tasks performed by the Data Conversion Operator (DCO) "keyers." These costs would not be affected by mailer presorting and/or prebarcoding efforts for parcel-shaped mail and were not included in the mail flow model. This cost pool was therefore classified as fixed.

Cost Pool No. 17: 1CANCEL Classification: Fixed

The MODS operation numbers that are mapped to this cost pool can be found in USPS-LR-K-55, pages I-17 to I-18. These operation numbers represent tasks performed in cancellation operations. These costs would not be affected by mailer presorting and/or prebarcoding efforts for parcel-shaped mail and were not included in the mail flow model. This cost pool was therefore classified as fixed.

Cost Pool No. 18: DSPATCH Classification: Fixed

The MODS operation numbers that are mapped to this cost pool can be found in USPS-LR-K-55, page I-18. These operation numbers represent tasks performed to prepare

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mail for dispatch. These costs were not included in the mail flow model. This cost pool was therefore classified as fixed.

Cost Pool No. 19: 1FLATPRP Classification: Fixed

The 035 MODS operation number is mapped to this cost pool and can be found in USPS-LR-K-55, page I-18. This operation number represents the bundle opening and Flat Mail Cart (FMC) preparation tasks. These costs would not be affected by mailer presorting and/or prebarcoding efforts for parcel-shaped mail and were not included in the mail flow model. This cost pool was therefore classified as fixed.

Cost Pool No. 20: 1MTRPREP Classification: Fixed

The MODS operation numbers that are mapped to this cost pool can be found in USPS-LR-K-55, page I-18. These operation numbers represent tasks performed on meter belts. These costs would not be affected by mailer presorting and/or prebarcoding efforts for parcel-shaped mail and were not included in the mail flow model. This cost pool was therefore classified as fixed.

Cost Pool No. 21: 1OPBULK Classification: Fixed
Cost Pool No. 22: 1OPPREF Classification: Fixed

The MODS operation numbers that are mapped to these cost pools can be found in USPS-LR-K-55, page I-18. These operation numbers represent tasks performed in opening unit operations (e.g., tray sorting activities). These costs would not be affected by mailer presorting and/or prebarcoding efforts for parcel-shaped mail and were not included in the mail flow model. These cost pools were therefore classified as fixed.

Cost Pool No. 23: 1OPTRANS Classification: Fixed

The MODS operation number that is mapped to this cost pool can be found in USPS-LR-K-55, page I-18. This operation number represents tasks required to weigh mail into

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the postal network. These costs would not be affected by mailer presorting and/or prebarcoding efforts for parcel-shaped mail and were not included in the mail flow model. This cost pool was therefore classified as fixed.

Cost Pool No. 24: 1PLATFRM Classification: Proportional

The MODS operation numbers that are mapped to this cost pool can be found in USPS-LR-K-55, pages I-18 to I-19. These operation numbers represent tasks performed by postal dock employees, which were included in the mail flow model. This cost pool was therefore classified as proportional.

Cost Pool No. 25: 1POUCHNG Classification: Proportional

The MODS operation numbers that are mapped to this cost pool can be found in USPS-LR-K-55, page I-19. These operation numbers represent tasks performed on pouch racks (e.g., parcel sorts), which were included in the mail flow model. This cost pool was therefore classified as proportional.

Cost Pool No. 26: 1PRESORT Classification: Fixed

The MODS operation numbers that are mapped to this cost pool can be found in USPS-LR-K-55, page I-19. These operation numbers represent tasks associated with the "cutting," or organizing, of presort mail based on the next operation, which were not included in the mail flow model. This cost pool was therefore classified as fixed.

Cost Pool No. 27: 1SACKS_H Classification: Proportional

The MODS operation number that is mapped to this cost pool can be found in USPS-LR-K-55, page I-19. The operation number represents tasks performed using manual sack sorting operations, which were included in the mail flow model. This cost pool was therefore classified as proportional.

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Cost Pool No. 28: 1SCAN Classification: Fixed

The MODS operation numbers that are mapped to this cost pool can be found in USPS-LR-K-55, page I-19. The operation numbers represent tasks performed during the preparation of mail for air transportation, which is a function of the class of mail and whether that mail has been entered locally. These costs would not be directly affected by mailer presorting and/or prebarcoding efforts for parcel-shaped mail and were not included in the mail flow model. This cost pool was therefore classified as fixed.

Cost Pool No. 29: BUSREPLY Classification: Fixed

The MODS operation numbers that are mapped to this cost pool can be found in USPS-LR-K-55, page I-19. The operation numbers represent tasks performed in nixie and postage due operations. These costs would not be directly affected by mailer presorting and/or prebarcoding efforts for parcel-shaped mail and were not included in the mail flow model. This cost pool was therefore classified as fixed.

Cost Pool No. 30: EXPRESS Classification: Fixed

The MODS operation numbers that are mapped to this cost pool can be found in USPS-LR-K-55, page I-19. The operation numbers represent tasks performed in Express Mail operations. These costs would not be directly affected by mailer presorting and/or prebarcoding efforts for parcel-shaped mail and were not included in the mail flow model. This cost pool was therefore classified as fixed.

Cost Pool 31: MAILGRAM Classification: Fixed

The MODS operation number that is mapped to this cost pool can be found in USPS-LR-K-55, page I-19. The operation number represents Mailgram tasks. These costs would not be directly affected by mailer presorting and/or prebarcoding efforts for

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parcel-shaped mail and were not included in the mail flow model. This cost pool was therefore classified as fixed.

Cost Pool 32: REGISTRY Classification: Fixed

The MODS operation numbers that are mapped to this cost pool can be found in USPS-LR-K-55, page I-19. The operation numbers represent tasks performed in the Registry Section. *These costs would not be directly affected by mailer presorting and/or prebarcoding efforts for parcel-shaped mail and were not included in the mail flow model.* This cost pool was therefore classified as fixed.

Cost Pool 33: REWRAP Classification: Fixed

The MODS operation numbers that are mapped to this cost pool can be found in USPS-LR-K-55, page I-19. The operation numbers represent tasks performed in rewrap and repair operations. *These costs would not be directly affected by mailer presorting and/or prebarcoding efforts for parcel-shaped mail and were not included in the mail flow model.* This cost pool was therefore classified as fixed.

Cost Pool 34: 1EEQMT Classification: Fixed

The MODS operation numbers that are mapped to this cost pool can be found in USPS-LR-K-55, page I-20. The operation numbers represent tasks associated with empty equipment processing. *These costs would not be directly affected by mailer presorting and/or prebarcoding efforts for parcel-shaped mail and were not included in the mail flow model.* This cost pool was therefore classified as fixed.

Cost Pool 35: 1MISC Classification: Fixed

The MODS operation numbers that are mapped to this cost pool can be found in USPS-LR-K-55, page I-20. The operation numbers represent various administrative tasks.

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These costs would not be directly affected by mailer presorting and/or prebarcoding efforts for parcel-shaped mail and were not included in the mail flow model. This cost pool was therefore classified as fixed.

Cost Pool 36: 1SUPPORT Classification: Fixed

The MODS operation numbers that are mapped to this cost pool can be found in USPS-LR-K-55, page I-20. The operation numbers represent various administrative tasks.

These costs would not be directly affected by mailer presorting and/or prebarcoding efforts for parcel-shaped mail and were not included in the mail flow model. This cost pool was therefore classified as fixed.

Cost Pool 37: INTL ISC Classification: Fixed

The methodology used to estimate ISC costs is described in USPS-LR-K-55, page I-3.

This cost pool represents the tasks performed at International Service Centers (ISC).

These costs would not be directly affected by mailer presorting and/or prebarcoding efforts for parcel-shaped mail and were not included in the mail flow model. This cost pool was therefore classified as fixed.

Cost Pool 38: PMPC Classification: Fixed

The methodology used to estimate PMPC costs is described in USPS-LR-K-55, page I-

3. This cost pool represents the tasks performed at Priority Mail Processing Centers

(PMPC). These costs would not be directly affected by mailer presorting and/or

prebarcoding efforts for parcel-shaped mail and were not included in the mail flow

model. This cost pool was therefore classified as fixed.

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Cost Pool No. 39: LD41 Classification: Fixed

The methodology used to estimate cost pool LD41 can be found in USPS-LR-K-55, page I-3. The costs mapped to this cost pool represent those Customer Service tasks performed in Labor Distribution Code (LDC) 41. This LDC represents automated letters. These costs would therefore not be affected by mailer presorting and/or prebarcoding efforts for parcel-shaped mail and were not included in the mail flow model. This cost pool was therefore classified as fixed.

Cost Pool No. 40: LD42 Classification: Fixed

The methodology used to estimate cost pool LD42 can be found in USPS-LR-K-55, page I-3. The costs mapped to this cost pool represent those Customer Service tasks performed in LDC 42. This LDC represents mechanized letters and flats. These costs would not be affected by mailer presorting and/or prebarcoding efforts for parcel-shaped mail and were not included in the mail flow model. This cost pool was therefore classified as fixed.

Cost Pool No. 41: LD43 Classification: Proportional

The methodology used to estimate cost pool LD43 can be found in USPS-LR-K-55, page I-3. The costs mapped to this cost pool represent those Customer Service tasks performed in LDC 43. This LDC represents manual letters, flats, and parcel sorting tasks, which were included in the mail flow model. This cost pool was therefore classified as proportional.

Cost Pool No. 42: LD44 Classification: Fixed

The methodology used to estimate the LD44 cost pool can be found in USPS-LR-K-55, page I-3. The costs mapped to this cost pool represents those Customer Service tasks

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performed in LDC 44. This LDC represents post office box distribution operations.

These costs would not be affected by mailer presorting and/or prebarcoding efforts for parcel-shaped mail and were not included in the mail flow model. This cost pool was therefore classified as fixed.

Cost Pool No. 43: LD48 EXP Classification: Fixed

The costs mapped to this cost pool represent various administrative Express Mail tasks, which are performed in the Customer Service function. These costs would not be directly affected by mailer presorting and/or prebarcoding efforts for parcel-shaped mail and were not included in the mail flow model. This cost pool was therefore classified as fixed.

Cost Pool No. 44: LD48 OTH Classification: Fixed

Cost Pool No. 45: LD48_ADM Classification: Fixed

Cost Pool No. 46: LD48_SSV Classification: Fixed

The costs mapped to this cost pool represent various other administrative tasks, which are performed in the Customer Service function. These costs would not be directly affected by mailer presorting and/or prebarcoding efforts for parcel-shaped mail and were not included in the mail flow model. These cost pools were therefore classified as fixed.

Cost Pool No. 47: LD49 Classification: Fixed

The MODS operation numbers that are mapped to this cost pool can be found in USPS-LR-K-55, page I-20. These operation numbers represent tasks associated with the forwarding and return of mail. These costs would not be affected by mailer presorting and/or prebarcoding efforts for parcel-shaped mail and were not included in the mail flow model. This cost pool was therefore classified as fixed.

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Cost Pool No. 48: LD79 Classification: Fixed

The MODS operation numbers that are mapped to these cost pools can be found in USPS-LR-K-55, page I-20. These operation numbers represent tasks associated with the acceptance and verification of mail. These costs were not included in the mail flow model and were therefore classified as fixed.

Cost Pool No. 49: 1SUPP_F1 Classification: Fixed

The costs mapped to this cost pool represent various mail processing administrative tasks. These costs would not be directly affected by mailer presorting and/or prebarcoding efforts for parcel-shaped mail and were not included in the mail flow model. This cost pool was therefore classified as fixed.

Cost Pool No. 50: NMO Classification: Proportional

The costs mapped to this cost pool represent Non Machinable Outside (NMO) parcel operations performed at Bulk Mail Centers (BMCs), which were included in the mail flow model. This cost pool was therefore classified as proportional.

Cost Pool No. 51: OTHR Classification: Proportional

The costs mapped to this cost pool represent various allied support operations performed at BMCs, which were included in the mail flow model. This cost pool was therefore classified as proportional.

Cost Pool No. 52: PLA Classification: Proportional

The costs mapped to this cost pool represent various allied platform operations performed at BMCs, which were included in the mail flow model. This cost pool was therefore classified as proportional.

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Cost Pool No. 53: PSM Classification: Proportional

The costs mapped to this cost pool represent Parcel Sorting Machine (PSM) operations performed at BMCs, which were included in the mail flow model. This cost pool was therefore classified as proportional.

Cost Pool No. 54: SPB Classification: Proportional

The costs mapped to this cost pool represent SPBS tasks performed at BMCs, which were included in the mail flow model. This cost pool was therefore classified as proportional.

Cost Pool No. 55: SSM Classification: Proportional

The costs mapped to this cost pool represent Sack Sorting Machine (SSM) operations performed at BMCs, which were included in the mail flow model. This cost pool was therefore classified as proportional.

Cost Pool No. 56: ALLIED Classification: Proportional

The costs mapped to this cost pool represent various allied operations performed at non-MODS sites, which were included in the mail flow model. This cost pool was therefore classified as proportional.

Cost Pool No. 57: AUTO/MECH Classification: Fixed

The costs mapped to this cost pool represent automation and mechanization tasks performed at non-MODS offices. These costs would not be affected by mailer presorting and/or prebarcoding efforts for parcel-shaped mail and were not included in the mail flow model. This cost pool was therefore classified as fixed.

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Cost Pool No. 58: EXPRESS Classification: Fixed

The costs mapped to this cost pool represent Express Mail operations performed at non-MODS sites. These costs would not be affected by mailer presorting and/or prebarcoding efforts for parcel-shaped mail and were not included in the mail flow model. This cost pool was therefore classified as fixed.

Cost Pool No. 59: MANF Classification: Fixed

The costs mapped to this cost pool represent manual flats sorting tasks performed at non-MODS offices. These costs would not be affected by mailer presorting and/or prebarcoding efforts for parcel-shaped mail and were not included in the mail flow model. This cost pool was therefore classified as fixed.

Cost Pool No. 60: MANL Classification: Fixed

The costs mapped to this cost pool represent manual letters sorting tasks performed at non-MODS offices. These costs would not be affected by mailer presorting and/or prebarcoding efforts for parcel-shaped mail and were not included in the mail flow model. This cost pool was therefore classified as fixed.

Cost Pool No. 61: MANP Classification: Proportional

The costs mapped to this cost pool represent manual parcels sorting tasks performed at non-MODS offices, which were included in the mail flow model. This cost pool was *therefore classified as proportional.*

Cost Pool No. 62: MISC Classification: Fixed

The costs mapped to this cost pool represent various administrative tasks performed at non-MODS offices. These costs would not be affected by mailer presorting and/or

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prebarcoding efforts for parcel-shaped mail and were not included in the mail flow model. This cost pool was therefore classified as fixed.

Cost Pool No. 63: REGISTRY Classification: Fixed

The costs mapped to this cost pool represent Registry Section tasks performed at non-MODS offices. These costs would not be affected by mailer presorting and/or prebarcoding efforts for parcel-shaped mail and were not included in the mail flow model. This cost pool was therefore classified as fixed.

RESPONSE OF POSTAL SERVICE WITNESS MILLER TO
POIR NO. 4, QUESTION 5

5. In USPS-T-25 [sic] witness Miller states that Fiscal Year 2003 Productivity Information Management System (PIMS) productivities are used in the models for Parcel Post. These productivities were updated from the ones used in R2001-1 to reflect the fact that Singulation Scan Induction Units (SSIU) had been added to the secondary Parcel Sorting Machine operations in 19 of the 21 BMCs. USPST-25 [sic] at 3. For the Primary NMO Sort operation, the productivity (units/hr) used in developing the model cost for Inter-BMC, Intra-BMC, and DBMC nonmachinable parcels decreased by 31 percent, from 100 in R2001-1 to 68.6 in R2005-1. USPS-LR-J-86 at 9 and USPS-LR-K-103 at 10. This decrease in productivity is a significant factor in the increase in model costs for Inter-BMC, Intra-BMC, and DBMC NMOs between R2001-1 and R2005-1. The increases in model unit costs are 34 percent, 35 percent, and 24 percent respectively.

- (a) Please discuss how the introduction of SSIUs results in a decrease in productivity for nonmachinable parcels.
- (b) Witness Miller states that BMCs were converted to MODS in GFY 2004, and that this conversion was completed by the end of GFY 2004. USPS-T-25 at 4. Please provide the MODS productivities for Primary Parcel Sorting, Secondary Parcel Sorting, Sack Sorting, and NMO distribution operations for FY 2005, quarters 1 and 2.

RESPONSE:

Before the Productivity Information Management System (PIMS) was retired in GFY 2004, I had been monitoring the data for the time period AP 1 FY 2001 through AP 13 FY 2003. At that point, the Postal Service converted to monthly reporting. Simultaneously, the Bulk Mail Centers (BMC) converted to the Management Operating Data System (MODS), as described in USPS-T-20 at 4.

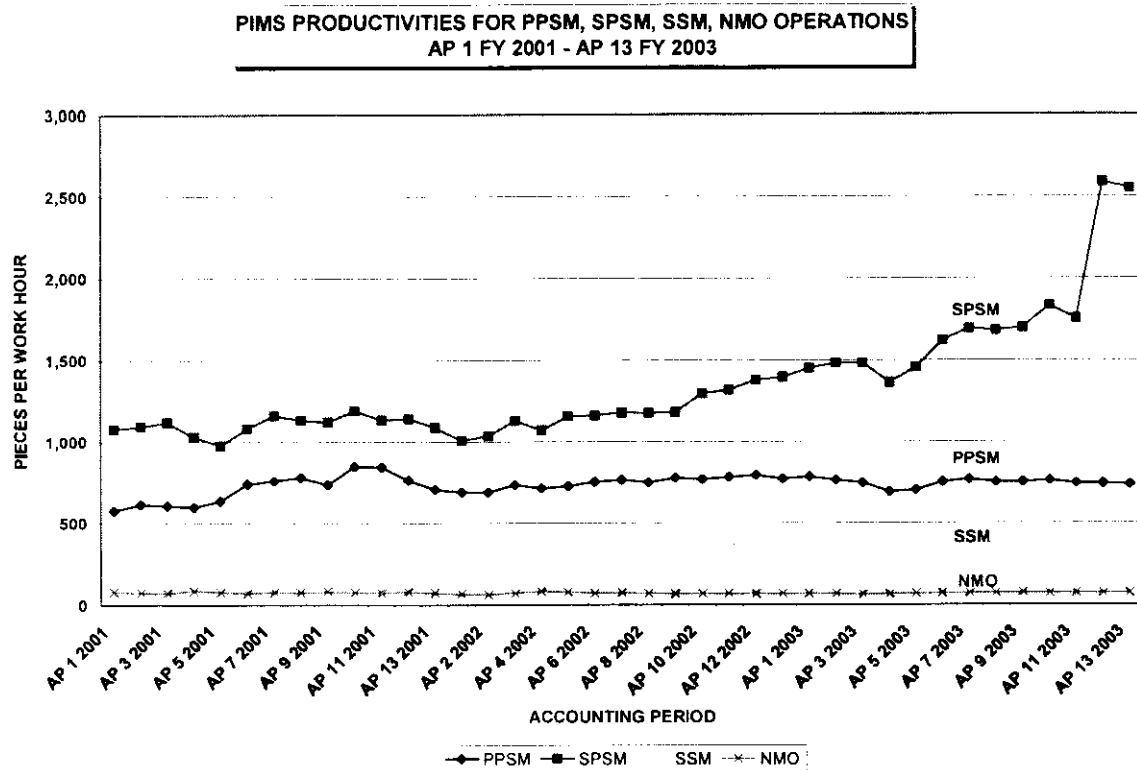
The Docket No. R2001-1 Non Machinable Outsides (NMO) productivity relied upon by witness Eggleston (USPS-T-25) was 100 pieces per hour. That figure represented an aggregate Productivity Information Reporting System (PIRS) NMO productivity for the FY 1995 through FY 2000 time frame. The PIRS system was eventually modified and renamed PIMS. In the instant proceeding, the Postal Service has provided an updated FY 2003 PIMS figure, which in the PRC version of the Parcels Cost Models is 69 pieces per hour (USPS-LR-K-103 at page 3).

RESPONSE OF POSTAL SERVICE WITNESS MILLER TO
POIR NO. 4, QUESTION 5

The chart below shows the PIMS productivity trends for the Primary Parcel Sorting Machine (PPSM), Secondary Parcel Sorting Machine (SPSM), Sack Sorting Machine (SSM), and Non Machinable Outsides (NMO) operations for the time period described above. The NMO productivity was consistently less than 100 pieces per hour during that time period. Based on this information, the 100 pieces per hour figure relied upon by witness Eggleston may have been overstated. Overall, the PPSM, SSM, and NMO productivity trends were relatively flat during that time period. The one productivity trend that changed appreciably was the SPSM trend, which is not surprising given that 19 of the 21 BMCs were retrofitted with the Singulation Scan Induction Unit (SSIU).

It should also be noted that the data contained within USPS-LR-K-46 and USPS-LR-K-103 indicate that the average cubic feet per NMO parcel has increased over time. *This data can be found in cells E43:E45 on page 7 of both library references.* In Docket No. R2000-1, the BY 1998 average cubic feet per NMO parcel was 1.992 cubic feet. In Docket No. R2001-1, the BY 2000 average cubic feet per NMO parcel was 2.244 cubic feet. This figure represented a 12.66 percent increase over that from BY 1998. In the instant proceeding, the BY 2004 average cubic feet per NMO parcel is 2.777 cubic feet. This figure represents a 23.78 percent increase over the BY 2000 figure. Given that BMC NMO operations are primarily manual operations, it is possible that the increase in the average cubic feet per NMO parcel over time has had an impact on the overall NMO productivity.

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(a) The SSIU deployments had no impact on the NMO operation productivity. The SSIU deployments only affected the SPSM productivity.

(b) The requested MODS productivities for FY 2005 Quarters 1 and 2 are shown below. It is my understanding that these figures are not directly comparable to the productivity figures derived under PIMS. The cost models have historically relied upon productivity data expressed using the PIMS format.

<u>Description</u>	<u>Operation No(s).</u>	<u>FY 2005 Qtr 1</u>	<u>FY 2005 Qtr 2</u>
PPSM	105	411 pcs / hr	430 pcs / hr
SPSM	101	336 pcs / hr	368 pcs / hr
SSM	238, 239	165 pcs / hr	189 pcs / hr
NMO	100, 200, 325, 625	58 pcs / hr	60 pcs / hr

**RESPONSE OF POSTAL SERVICE WITNESS MILLER TO
INTERROGATORY OF TIME WARNER**

TW/USPS-T20-2. In your response to POIR 4, question 5, you show sack sorter (SSM) productivity rates of 165 pcs/hr in Quarter 1 and 189 pcs/hr in Quarter 2 of FY 2005.

- (a) Please confirm that "pcs / hr" in this case refers to sacks per workhour.
- (b) Please describe the activities, other than keying from sack labels, that these productivity rates include. In particular, state whether they include (1) dumping sacks from containers; (2) any secondary sorting at roller table operations; (3) removing full containers; (4) repairing or removing sacks that are damaged or open; (5) clearing jams; or (6) any other sack sorter related activities.

RESPONSE:

a) Confirmed.

b) It is my understanding that the tasks covered by MODS operation numbers 238 and 239 performed at BMCs include:

SSM keyers

SSM floor support operations

SSM sack roller table operations

Based on this definition, tasks (1), (4), (5) and (6) would not be included.

USPS-T-20

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

POSTAL RATE AND FEE CHANGES
PURSUANT TO PUBLIC LAW 108-18

Docket No. R2005-1

DIRECT TESTIMONY
OF
MICHAEL W. MILLER
ON BEHALF OF THE
UNITED STATES POSTAL SERVICE

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Category 2 Library References

USPS-LR-K-46

USPS-LR-K-47

ASSOCIATED LIBRARY REFERENCES

USPS-LR-K-46: Parcels Cost Models

This Category 2 library reference contains the cost models that are used to develop test year 2006 cost estimates for Parcel Post, Bound Printed Matter, and Media / Library Mail. In Docket No. R2001-1, parcels cost models were contained in USPS-LR-J-64 and were described in testimony USPS-T-25.

USPS-LR-K-47: Parcel Post Volume, Cubic Feet, and Weight Data

This Category 2 library reference describes the development of the Parcel Post volume, cubic feet, and weight data, which are used in the cost models found in USPS-LR-K-46. In Docket No. R2001-1, these data were described in USPS-LR-J-67.

**DIRECT TESTIMONY
OF
MICHAEL W. MILLER**

AUTOBIOGRAPHICAL SKETCH

My name is Michael W. Miller. I am an Economist in Special Studies at the United States Postal Service. Special Studies is a unit of Corporate Financial Planning in Finance at Headquarters. I have testified before the Postal Rate Commission on seven separate occasions.

Most recently, I testified as a witness in opposition to the Time Warner, et al. complaint case, Docket No. C2004-1.

In Docket No. R2001-1, I sponsored two separate testimonies as a direct witness on behalf of the Postal Service. The first testimony presented First-Class Mail letters/cards and Standard Mail letters mail processing unit cost estimates and worksharing related savings estimates, the Qualified Business Reply Mail (QBRM) worksharing related savings estimate, the nonstandard surcharge/nonmachinable surcharge cost studies, and the Business Reply Mail (BRM) fee cost studies. The second testimony presented First-Class Mail, Periodicals, and Standard Mail flats mail processing unit cost estimates.

In Docket No. R2000-1, I testified as the direct witness presenting First-Class Mail letters/cards and Standard Mail letters mail processing unit cost estimates and worksharing related savings estimates. My testimony also included the cost study supporting the nonstandard surcharge. In that same docket, I also testified as a rebuttal witness. My testimony contested key elements of the worksharing discount proposals presented by several First-Class Mail intervenors, as well as the Office of the Consumer Advocate (OCA).

In Docket No. R97-1, I testified as a direct witness concerning Prepaid Reply Mail (PRM) and QBRM mail processing cost avoidance estimates. In that same docket, I also testified as a rebuttal witness concerning the Courtesy Envelope Mail (CEM) proposal presented by the OCA.

1 Prior to joining the Special Studies unit in January 1997, I served as an Industrial
2 Engineer at the Margaret L. Sellers Processing and Distribution Center in San Diego,
3 California. In that capacity, I worked on field implementation projects. For example, I
4 was the local coordinator for automation programs such as the Remote Bar Coding
5 System (RBCS) and the Delivery Bar Code Sorter (DBCS). I was also responsible for
6 planning the operations for a new Processing and Distribution Center (P&DC) that was
7 activated in 1993. In addition to field work, I have completed detail assignments within
8 the Systems/Process Integration group in Engineering. My primary responsibility during
9 those assignments was the development of Operating System Layouts (OSL) for new
10 facilities.

11 Prior to joining the Postal Service, I worked as an Industrial Engineer at General
12 Dynamics Space Systems Division, where I developed labor and material cost
13 estimates for new business proposals. These estimates were submitted as part of the
14 formal bidding process used to solicit government contracts.

I was awarded a Bachelor of Science degree in Industrial Engineering from Iowa
16 State University in 1984 and a Master of Business Administration from San Diego State
17 University in 1990. I also earned a Professional Engineer registration in the State of
18 California in 1990.

I. PURPOSE AND SCOPE OF TESTIMONY

2 This testimony describes the test year 2006 Parcel Post, Bound Printed Matter,
3 and Media Mail / Library Mail cost estimates, which are being provided in light of the
4 Postal Rate Commission's views expressed in Docket No. R94-1, paragraph [1034].
5 The aggregate (machinable, Non Machinable Outside (NMO), and oversize) volume
6 variable mail processing unit cost estimates for the Parcel Post rate categories are
7 relied upon as a means to calculate final adjustments, which are reported by witness
8 Page (USPS-T-23).

II. GUIDE TO TESTIMONY

2 The parcels mail processing cost models can be found in USPS-LR-K-46. In
3 addition to USPS-LR-K-46, I am sponsoring library reference USPS-LR-K-47, which
4 contains Parcel Post volume, cubic feet, and weight data.

5 The parcels cost models also rely on data inputs that have been generated by
6 other postal witnesses. Witness Van-Ty-Smith (USPS-T-11) provides wage rates
7 (USPS-LR-K-55), premium pay factors (USPS-LR-K-55), and volume variability factors
8 (USPS-T-11, Table 1); witness Bozzo (USPS-T-12) provides base year Management
9 Operating Data System (MODS) productivity figures (USPS-LR-K-56); witness Smith
10 (USPS-T-13) provides piggyback factors (USPS-LR-K-52) and mail processing unit cost
11 estimates by shape (USPS-LR-K-53); witness Meehan (USPS-T-9) provides base year
12 cost data (USPS-LR-K-5); witness Waterbury (USPS-T-10) provides test year cost data;
13 and witness Cutting (USPS-T-26) provides Parcel Post window service costs and
14 Bound Printed Matter mail processing costs (USPS-LR-K-86). Billing determinants data
15 are used in the models and can be found in USPS-LR-K-77. Base Year 2004 Revenue,
16 Pieces and Weights (RPW) mail volumes by shape and Government Fiscal Year (GFY)
17 2003 Productivity Information Management System (PIMS) data are also contained in
18 the models. The remaining assumptions used in the cost models are identical to the
19 Docket No. R2001-1 assumptions found in USPS-LR-J-64 and described in USPS-T-25.

20 The aggregate test year volume variable mail processing unit cost estimates for
21 the Parcel Post rate categories are relied upon for purposes of calculating final
22 adjustments, which are reported by witness Page (USPS-T-23). The cost estimates
23 from the Parcel Post, Bound Printed Matter, and Media Mail / Library Mail cost models
24 have also been provided to witnesses Robinson (USPS-T-27) and Taufique (USPS-T-
25 28).

III. PARCELS COST ESTIMATES

This testimony describes the parcels cost estimates, which were last calculated in Docket No. R2001-1, USPS-LR-J-64. Most changes that have been made to the cost models involve simple updates of cost model inputs (*e.g.*, wage rates, piggyback factors). Those cases in which other changes were required are described in the appropriate sections below.

A. TEST YEAR PARCELS MAIL PROCESSING TECHNOLOGIES

The test year 2006 Postal Service parcel processing network is the same as that used to forecast test year 2003 costs in Docket No. R2001-1. Machinable parcels are sorted to the 5-digit level at one of the 21 Bulk Mail Centers (BMCs) or eight Auxiliary Service Facilities (ASFs). Non Machinable Outsides (NMO) and oversize parcels are sorted to the 3-digit level at the BMCs and are then dispatched to Processing and Distribution Centers (P&DCs) or Processing and Distribution Facilities (P&DFs), where they are then sorted to the 5-digit level. Parcels are dispatched to Delivery Units (DUs) once the mail has been sorted to the 5-digit level. At the DUs, clerks then sort the parcels to the carrier route level.

B. COST MODEL CHANGES

Despite the fact that the test year 2006 processing environment is identical to that forecast for the test year in Docket No. R2001-1, some changes have been made to the basic mail processing cost model due to the fact that better data are now available. In Docket No. R2001-1, the historic Productivity Information Management System (PIMS) data did not reflect the fact that the Singulation Scan Induction Units (SSIU) had been added to the Secondary Parcel Sorting Machine (SPSM) operations at 19 of the 21 BMCs. As an alternative in that docket, witness Eggleston (USPS-T-25) relied on a unit cost estimate developed by witness Smith (USPS-T-15).

In this docket, updated Government Fiscal Year (GFY) 2003 PIMS productivities are used in the models. The affected BMCs had the SSIU retrofits in place during the entirety of GFY 2003. In the cost models, GFY 2003 PIMS productivities have therefore been used for the SPSM operations, as well as the following operations: Sack Sorting Machine (SSM), Primary Parcel Sorting Machine (PPSM), and NMO distribution.

1 The GFY 2003 data were used because that is the last complete year in which
2 PIMS data are available. Beginning in GFY 2004, and extending throughout that year,
3 the BMCs began converting to the Management Operating Data System (MODS) and
4 the PIMS system was shut down. The BMC MODS conversions were completed by the
5 end of GFY 2004.

6 **C. COST METHODOLOGY**

7 In Docket No. R2001-1, a combination of hybrid and cost avoidance cost
8 methodologies were used to develop parcels cost estimates. Those same
9 methodologies are again relied upon in this docket. The specific cost methodology that
10 is used varies by subclass.

IV. PARCEL POST COST ESTIMATES

The Parcel Post cost study results can be found in Table 1 below.¹ A hybrid cost methodology is relied upon in all but four of the Parcel Post cost analyses.² Those analyses are discussed in more detail below.

A. HYBRID COST METHODOLOGY

Using a hybrid approach, mail flow cost models are first developed for each Parcel Post mail stream (*e.g.*, machinable Inter-BMC parcels). Each mail flow cost model depicts the direct labor operations in which those mail pieces incur costs.

An example of the mail flow cost models can be found in USPS-LR-K-46, page 8. The inputs to the cost model can be found in USPS-LR-K-46, pages 3-7. The first column in the mail flow cost model depicts the "number of handlings" each mail piece incurs in each operation. For example, the indicated number of handlings for the PPSM operation is 1.000, as each parcel would have to be individually processed on that machine. The number of handlings in operations involving loading and unloading, however, is less than 1.000 in order to reflect the fact that parcels can be transported to and entered into a given facility in a variety of ways (*e.g.*, sacks, pallet boxes).

The second column shows the productivity figures for each operation. These figures can be found on page 3 of USPS-LR-K-46 and have been adjusted using volume variability factors.

The third column contains conversion factors. Conversion factors indicate the number of parcels per container that can be processed per handling. When parcels are handled individually, the conversion factor is 1.000.

The fourth column displays piggyback factors, which have historically been relied upon to estimate "indirect" costs. Piggyback factors can be found on page 5 of USPS-LR-K-46.

The fifth column calculates the cost per operation. The product of the test year premium pay-adjusted mail processing wage rate (from page 5 of USPS-LR-K-46) and

¹ More detailed results can be found in USPS-LR-K-46, page 1.

² A hybrid cost methodology indicates that a combination of engineering cost models and Cost and Revenue Analysis (CRA) data are used to develop estimates by rate category.

the piggyback factor for each operation are divided by the product of the productivity figure and conversion factor for that operation.

The sixth column displays the total operation cost, or cost per facility. These figures are calculated by multiplying the operation cost by the number of handlings for that operation.

The sum of the operation costs per facility is the model cost for that particular mail stream. A weighted model cost estimate is then developed by multiplying the base year volume percentage for that particular mail stream by the model cost estimate.

After the weighted model cost estimates for all mail streams have been developed, they are summed and compared to the sum of the CRA mail processing proportional cost pools.¹ A proportional adjustment factor is calculated by dividing the sum of the CRA mail processing proportional cost pools by the aggregate weighted model cost for all mail streams. The sum of the non-proportional (non-modeled) cost pools is used as a fixed adjustment factor.

For each Parcel Post mail stream, the CRA-adjusted total mail processing unit cost estimate is calculated by adding the CRA fixed adjustment factor to the product of the CRA proportional adjustment factor and the model cost for that mail stream.

These data are used to develop aggregate (machinable, NMO, and oversize) total mail processing unit cost estimates by rate category, which support the final adjustments analysis reported by witness Page (USPS-T-23). Furthermore, these figures are used to calculate cost savings estimates and additional cost estimates as indicated in Table 1. There are, however, four instances in which a more narrowly defined cost avoidance methodology has been relied upon, as indicated in the next section.

B. COST AVOIDANCE METHODOLOGY

The four cost analyses described below are savings estimates that were developed using a more narrowly defined cost avoidance methodology.

1. DBMC Window Service Unit Cost Savings Estimate

The DBMC window service unit cost savings estimate is calculated using the same methodology described in Docket No. R2001-1, USPS-T-25, and is shown in

USPS-LR-K-46, page 27. First, the cost distribution between Parcel Select and Non Parcel Select window service costs is calculated by witness Cutting (USPS-T-26) in USPS-LR-J-86. The distribution percentages are then applied to base year window service costs. Base year unit costs are obtained by dividing the Parcel Select and Non Parcel Select base year costs by the corresponding base year volumes. Test year costs are calculated by multiplying the base year unit costs by a piggyback factor and wage adjustment factor. This latter factor is equal to the test year window service wage rate divided by the base year window service wage rate. The DBMC window service savings estimate is then calculated to be the difference between the Non Parcel Select window service unit cost estimate and the Parcel Select window service unit cost estimate.

2. BMC Presort Mail Processing Unit Cost Savings Estimate

The BMC presort mail processing unit cost savings estimate is calculated in USPS-LR-K-46, page 24. The savings estimate is measured to be the mail processing unit cost difference between a nonpresorted (inter-BMC) mail piece and a presorted mail piece. The nonpresorted costs have been taken from two other Parcel Post cost models in USPS-LR-K-46: the machinable origin BMC costs and the destinating BMC Postal Pak unloading costs are taken from the cost model on page 8, and the NMO origin BMC cost and the destinating BMC pallet unloading costs are taken from the model on page 9.

The BMC presort costs for machinable parcels and NMOs are calculated separately in USPS-LR-K-46, page 25, using the mail flow cost model methodology described earlier in this testimony on pages 5 and 6. The operations in the model have been changed to reflect the fact that BMC presorted parcels only need to be crossdocked at the origin BMC. In addition, the conversion factors have been changed to accommodate BMC presort requirements.

On page 24 of USPS-LR-K-46, the machinable and NMO BMC presort model costs are subtracted from the machinable and NMO nonpresorted model costs. These figures are then weighted together using the percentage distribution of inter-BMC machinable and NMO parcels.

³ The costs within the proportional cost pools represent the tasks that were included in the models.

3. OBMC Unit Cost Savings Estimate

The Origin BMC (OBMC) cost savings consists of two estimates. The first estimate is the cost an OBMC parcel avoids by being entered at the origin BMC. Since an OBMC parcel avoids costs at the facilities upstream from the BMC, these costs are equivalent to the costs a DBMC parcel avoids, including window services costs.⁴ The second estimate relates to the fact that OBMC parcels are presorted by destination BMC. These avoided costs are the same as the BMC-presorted parcel unit cost savings. Therefore, the estimated unit costs avoided by an OBMC parcel are the sum of the DBMC unit cost savings estimate and the BMC presort unit cost savings estimate.

4. Pre-Barcode Unit Cost Savings Estimate

On the Primary Parcel Sorting Machine (PPSM), pre-barcode parcels and non-barcode parcels are currently processed differently. For non-barcode parcels, a PPSM clerk must key the 5-digit ZIP Code found on the parcel. In contrast, the clerk must simply position a pre-barcode parcel so that the scanners can read the barcode. The cost savings estimate associated with pre-barcode parcels is found in USPS-LR-K-46, page 26, and is derived using productivity figures that reflect these task differences.

The Parcel Post cost estimates are summarized below in Table 1.

⁴ Although both the DBMC and OBMC parcels avoid costs upstream from the BMC, DBMC parcels avoid those costs in comparison to intra-BMC parcels while OBMC parcels avoid those costs compared to inter-BMC parcels.

TABLE 1: USPS PARCEL POST COST ESTIMATES

<u>Category Description</u>	<u>Cost Estimate</u>
Total Mail Processing Unit Cost Estimates (For Final Adjustments)	
Aggregate Inter-BMC	\$ 2.174
Aggregate Intra-BMC	\$ 1.833
Aggregate DBMC	\$ 1.240
Aggregate DSCF	\$ 0.638
Aggregate DDU	\$ 0.291
Mail Processing Unit Cost Savings Estimates	
Aggregate BMC Presort (Inter-BMC Benchmark)	\$ 0.255
Machinable Intra-BMC (Machinable Inter-BMC Benchmark)	\$ 0.288
Machinable DBMC (Machinable Intra-BMC Benchmark)	\$ 0.531
Aggregate DSCF (DBMC Benchmark)	\$ 0.598
Aggregate DDU (DBMC Benchmark)	\$ 0.946
Window Service Unit Cost Savings Estimate	
Machinable DBMC (Machinable Intra-BMC Benchmark)	\$ 0.200
NMO Additional Mail Processing Unit Cost Estimates	
Inter-BMC NMO (Machinable Inter-BMC Benchmark)	\$ 4.936
Intra-BMC NMO (Machinable Intra-BMC Benchmark)	\$ 3.815
DBMC NMO (Machinable DBMC Benchmark)	\$ 2.416
Oversize Additional Mail Processing Unit Cost Estimates	
Inter-BMC Oversize (Inter-BMC NMO Benchmark)	\$ 14.297
Intra-BMC Oversize (Intra-BMC NMO Benchmark)	\$ 11.413
DBMC Oversize (DBMC NMO Benchmark)	\$ 5.755
DSCF Oversize (DBMC NMO Benchmark)	\$ 3.738
DDU Oversize (DBMC NMO Benchmark)	\$ 0.456
Other Mail Processing Cost Estimates	
Aggregate OBMC (Inter-BMC Benchmark) Unit Cost Savings Estimate	\$ 1.061
NMO 3-Digit DSCF Additional Unit Cost Estimate (Aggregate DSCF Benchmark)	\$ 1.191
Pre-Barcode Unit Cost Savings Estimate (Non-Barcoded Parcel Benchmark)	\$ 0.030

V. BOUND PRINTED MATTER COST ESTIMATES

The Bound Printed Matter (BPM) cost estimates are displayed in Table 2 below. A cost avoidance methodology is relied upon to develop estimates for the Destination Bulk Mail Center (DBMC), Destination Sectional Center Facility (DSCF), Destination Delivery Unit (DDU), and carrier route presort BPM rate categories. In addition, a flat-parcel cost differential is calculated using a methodology similar, but not identical, to that relied upon in Docket No. R2001-1.

The DBMC mail processing unit cost savings estimate has been developed using a methodology identical to that used in Docket No. R2001-1. The percentage of outgoing BMC costs that are avoided by DBMC parcels is first calculated in USPS-LR-K-46, page 35. That percentage is then used as an input to the analysis conducted in USPS-LR-K-46, page 36. Test year outgoing BMC, ASF, and non-BMC costs from USPS-LR-K-86 are also used as inputs to this analysis. The avoided outgoing BMC costs are calculated by multiplying the percentage from page 35 by the total test year outgoing BMC costs. The total avoided costs in the test year are calculated by adding the avoided test year outgoing BMC costs to the outgoing non-BMC costs and a portion of the outgoing ASF costs. The DBMC mail processing unit cost savings estimate is then calculated by dividing the total avoided test year costs by the volume of mail entered upstream from the BMC.

The DSCF mail processing unit cost savings estimate is calculated using the same approach relied upon in Docket No. R2001-1. This estimate is calculated to be the cost difference between the DBMC mail flow cost model and the DSCF mail flow cost model found in USPS-LR-K-46, pages 33 and 34, respectively. The structure of these models is described in Parcel Post section IV.A. above.

The DDU mail processing unit cost savings estimate is measured in comparison to a DBMC benchmark. Given that the BPM DBMC mail flow cost model measures costs up to the point where BPM DDU would begin incurring costs, the total cost savings are equivalent to the DBMC modeled costs. The DDU mail processing unit cost savings estimate is therefore equivalent to the DBMC model cost found in USPS-LR-K-46, page 33.

The carrier route presort unit cost savings estimate methodology is also identical to that relied upon in Docket No. R2001-1. This estimate is calculated to be the cost difference between carrier route presort mail compared to basic presort mail. The savings are driven by the fact that carrier route presort parcels do not have to be sorted to the carrier route at the destination facility. The analysis can be found in USPS-LR-K-46, page 37.

A flat-parcel cost differential is again calculated in this docket, but it has been necessary to revise the cost methodology due to changes that were instituted as a result of recent carrier cost studies.⁵ In Docket No. R2001-1, elemental load costs were used as a basis for the analysis. The Postal Service, however, no longer isolates elemental load costs. Instead, elemental load costs and access costs are now part of what is called "delivery activities" costs. Delivery activities costs are therefore used in the analysis found in USPS-LR-K-46, page 38. The total base year delivery activities costs by shape were taken from USPS-LR-K-5. Base year unit costs by shape were calculated by dividing the total costs by the corresponding GFY 2004 RPW volumes. These data were used to determine the percentage of base year costs by shape. Those percentages were then applied to total test year delivery activities costs, which were obtained from witness Waterbury (USPS-T-10). The total test year costs by shape were then divided by the GFY 2004 RPW volumes to get test year unit costs by shape. The flat-parcel cost differential was calculated to be the difference between the test year parcel unit cost and the test year flat unit cost.

The BPM cost estimates are summarized below in Table 2.

TABLE 2: USPS BOUND PRINTED MATTER COST ESTIMATES

<u>Category Description</u>	<u>Cost Estimate</u>
DBMC Unit Cost Savings Estimate (Non Dropship Benchmark)	\$ 0.312
DSCF Unit Cost Savings Estimate (DBMC Benchmark)	\$ 0.334
DDU Unit Cost Savings Estimate (DBMC Benchmark)	\$ 0.475
Carrier Route Presort Unit Cost Savings Estimate (Basic Presort Benchmark)	\$ 0.091
Flats - Parcel Cost Differential	\$ 0.115

⁵ The PRC version of the data in USPS-LR-K-103, however, relies on a methodology identical to that used in Docket No. R2001-1.

VI. MEDIA MAIL / LIBRARY MAIL COST ESTIMATES

The Media Mail / Library Mail cost estimates are shown in Table 3 below. A hybrid cost methodology is relied upon to develop total mail processing unit cost estimates for the single-piece, basic presort, and 5-digit presort rate categories. These estimates are then used to calculate mail processing unit costs savings estimates for the basic presort and 5-digit presort rate categories.

A combination of mail flow cost models and CRA mail processing unit cost estimates by shape are used to develop the estimates by rate category, similar to what was described on pages 5 and 6 above for Parcel Post. The one exception is that the CRA mail processing unit cost by shape estimate represents the aggregate costs for Media Mail and Library Mail, which have identical rate structures. The basic presort and 5-digit presort mail processing unit cost savings estimates are calculated by subtracting the total mail processing unit cost estimates for each rate category from the total mail processing unit cost estimate for the single-piece benchmark.

The Media Mail / Library Mail cost estimates are summarized in Table 3 below.

TABLE 3: USPS MEDIA MAIL / LIBRARY MAIL COST ESTIMATES

<u>Category Description</u>	<u>Cost Estimate</u>
Total Mail Processing Unit Cost Estimates	
Single-Piece	\$ 0.983
Basic Presort	\$ 0.669
5-Digit Presort	\$ 0.543
Mail Processing Unit Cost Savings Estimates	
Basic Presort (Single-Piece Benchmark)	\$ 0.314
5-Digit Presort (Single-Piece Benchmark)	\$ 0.441

VII. PROPOSED CHANGES RELATIVE TO PRC METHODOLOGY

To the extent that, in response to Commission Rule 53, I discuss and compare Postal Rate Commission (PRC) versions of costing materials in this testimony, I do not sponsor those materials, or in any way endorse the methodologies used to prepare them. In its Order No. 1380 adopting the roadmap rule, the Commission included the following statements regarding the role played by Postal Service witnesses under these circumstances:

The comparison required by this exercise cannot be equated with sponsoring the pre-existing methodology. It merely identifies and gives context to the proposed change, serving as a benchmark so that the impact can be assessed. ... [W]itnesses submitting testimony under Rule 53(c) sponsor the proposed methodological changes, not the pre-existing methodology. That they may be compelled to reference the pre-existing methodology does not mean that they are sponsoring it. Order No. 1380 (August 7, 2003) at 7.

Therefore, although I may be compelled to refer to the PRC methodologies and versions corresponding to the Postal Service proposals which are the subject of my testimony, my testimony does not sponsor those PRC materials.

The PRC version of the parcels cost models are contained in USPS-LR-K-103. The cost models contained in USPS-LR-K-103 are expressed in the same format as the postal versions found in USPS-LR-K-46, with the exception that seven cost inputs have changed. The PRC version of the parcels costs models rely on revised piggyback factors (USPS-LR-K-98), CRA mail processing unit cost estimates by shape (USPS-LR-K-99), volume variability factors (USPS-T-11, Table 5), premium pay factors (USPS-LR-K-100), base year cost data (USPS-LR-K-93), test year cost data (USPS-LR-K-96), and Parcel Post window service costs and Bound Printed Matter mail processing costs (USPS-LR-K-109). All other cost model inputs are identical for both the postal and PRC versions of the parcels cost models.

TABLE 4: PRC PARCEL POST COST ESTIMATES

<u>Category Description</u>	<u>Cost Estimate</u>
Total Mail Processing Unit Cost Estimates (For Final Adjustments)	
Aggregate Inter-BMC	\$ 2.472
Aggregate Intra-BMC	\$ 2.060
Aggregate DBMC	\$ 1.414
Aggregate DSCF	\$ 0.715
Aggregate DDU	\$ 0.332
Mail Processing Unit Cost Savings Estimates	
Aggregate BMC Presort (Inter-BMC Benchmark)	\$ 0.304
Machinable Intra-BMC (Machinable Inter-BMC Benchmark)	\$ 0.351
Machinable DBMC (Machinable Intra-BMC Benchmark)	\$ 0.582
Aggregate DSCF (DBMC Benchmark)	\$ 0.695
Aggregate DDU (DBMC Benchmark)	\$ 1.078
Window Service Unit Cost Savings Estimate	
Machinable DBMC (Machinable Intra-BMC Benchmark)	\$ 0.241
NMO Additional Mail Processing Unit Cost Estimates	
Inter-BMC NMO (Machinable Inter-BMC Benchmark)	\$ 5.528
Intra-BMC NMO (Machinable Intra-BMC Benchmark)	\$ 4.234
DBMC NMO (Machinable DBMC Benchmark)	\$ 2.748
Oversize Additional Mail Processing Unit Cost Estimates	
Inter-BMC Oversize (Inter-BMC NMO Benchmark)	\$ 15.713
Intra-BMC Oversize (Intra-BMC NMO Benchmark)	\$ 12.489
DBMC Oversize (DBMC NMO Benchmark)	\$ 6.421
DSCF Oversize (DBMC NMO Benchmark)	\$ 4.102
DDU Oversize (DBMC NMO Benchmark)	\$ 0.484
Other Mail Processing Cost Estimates	
Aggregate OBMC (Inter-BMC Benchmark) Unit Cost Savings Estimate	\$ 1.208
NMO 3-Digit DSCF Additional Unit Cost Estimate (Aggregate DSCF Benchmark)	\$ 1.355
Pre-Barcode Unit Cost Savings Estimate (Non-Barcoded Parcel Benchmark)	\$ 0.036

TABLE 5: PRC BOUND PRINTED MATTER COST ESTIMATES

<u>Category Description</u>	<u>Cost Estimate</u>
DBMC Unit Cost Savings Estimate (Non Dropship Benchmark)	\$ 0.391
DSCF Unit Cost Savings Estimate (DBMC Benchmark)	\$ 0.386
DDU Unit Cost Savings Estimate (DBMC Benchmark)	\$ 0.551
Carrier Route Presort Unit Cost Savings Estimate (Basic Presort Benchmark)	\$ 0.109
Flats - Parcel Cost Differential	\$ 0.078

TABLE 6: PRC MEDIA MAIL / LIBRARY MAIL COST ESTIMATES

<u>Category Description</u>	<u>Cost Estimate</u>
Total Mail Processing Unit Cost Estimates	
Single-Piece	\$ 1.135
Basic Presort	\$ 0.768
5-Digit Presort	\$ 0.611
Mail Processing Unit Cost Savings Estimates	
Basic Presort (Single-Piece Benchmark)	\$ 0.368
5-Digit Presort (Single-Piece Benchmark)	\$ 0.525

**POSTAL RATE COMMISSION
DOCKET NO. R2005-1
DECLARATION OF MICHAEL W. MILLER**


I, Michael W. Miller, hereby declare under penalty of perjury that:

The Direct Testimony of Michael W. Miller on Behalf of the United States Postal Service, denominated USPS-T-20, was prepared by me or under my direction; and

If I were to give this testimony before the Commission orally today, it would be the same.

I prepared the interrogatory responses which were filed under my name and which have been designated for inclusion in the record of this docket, and

If I were to respond to these interrogatories orally today, the responses would be the same.


Michael W. Miller

6-28-05
Date

United States Postal Service

**Joseph E. Nash
(USPS-T-17)**

RESPONSE OF POSTAL SERVICE WITNESS NASH TO
POIR NO. 5, QUESTION 4(a)

4. Please answer the following questions regarding Priority Mail. In R2001-1, USPS-LR-J-96, page 13 contained weight and the average haul by zone for Commercial Air and Other Air in the base year. Please refer to R2001-1, LR-J-103 Per-Pound Elements worksheet. Weight and the average haul by zone for Commercial Air and Other Air was used to distribute distance-related and nondistance-related air transportation costs to the zones. More specifically, total air pounds is used to distribute nondistance-related air costs to the zones and passenger pound miles is used to distribute distance-related air transportation costs to the zones. R2005-1, USPS-LR-K-37, contains weight and the average haul by zone for FedEx and Other Air.

- (a) Please confirm that "Other Air" contains the same components in R2005-1 as in R2001-1. If not, please explain the difference, including which components have distance-related and nondistance-related costs.

RESPONSE:

- (a) Not confirmed. The two air network designations in Docket No. R2001-1, USPS-LR-J-96 were "Network Air" (aka Other Air) and "Commercial Air." In Docket No. R2005-1, USPS-LR-K-37, the two air network designations are "FedEx" and "All Other."

The following table illustrates the various components of each "network" designation, indicating whether the associated costs are distance-related only (DR only), non-distance-related only (NDR only), or both distance-related and non-distance-related (DR & NDR):

RESPONSE OF POSTAL SERVICE WITNESS NASH TO
POIR NO. 5, QUESTION 4(a)

Cost Component	R2001-1 Network Air	R2001-1 Commercial Air	R2005-1 FedEx	R2005-1 All Other
Passenger		DR & NDR		DR & NDR
Daynet and HASP	DR & NDR			
Network (Eagle)	DR & NDR			
Western Air	DR & NDR			
FedEx Day	NDR only		NDR only	
FedEx Night	NDR only		NDR only	
Christmas	DR & NDR			DR & NDR
Intra-Alaska Non-preferential	DR & NDR			DR & NDR
Intra-Alaska Preferential	DR & NDR			DR & NDR
Intra-Hawaii	DR & NDR			DR & NDR
Air Taxi	DR & NDR			DR & NDR

Postal Rate Commission
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USPS-T-17

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

POSTAL RATE AND FEE CHANGES
PURSUANT TO PUBLIC LAW 108-18

Docket No. R2005-1

DIRECT TESTIMONY
OF
JOSEPH E. NASH
ON BEHALF OF
UNITED STATES POSTAL SERVICE

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AUTOBIOGRAPHICAL SKETCH

My name is Joseph E. Nash and I am a Senior Consultant in the Public Sector Practice at International Business Machines Business Consulting Services (IBM) in Fairfax, Virginia. I have been with IBM since 2002 when it acquired PricewaterhouseCoopers (PwC) Consulting. Previously, I was with PwC Consulting since 1998.

My work at IBM has been devoted to serving the United States Postal Service and I am a member of IBM's Postal Service account team. I have worked on many projects for the United States Postal Service, specializing in transportation network operations, cost estimation, and financial analysis. My experience with the Postal Service includes volume variable cost analysis in transportation. I have provided analytical support to several witnesses in the area of transportation costing during the past two omnibus rate cases (Witnesses Pickett, Xie, and Bradley in R2000-1; Witnesses Pickett, Bradley, Takis, and Hatfield in R2001-1).

Most recently, I have been working with the Postal Service to establish and implement the transportation agreement with Federal Express. This work has consisted of financial and operational consulting designed to estimate the financial implications of the agreement and to assist in developing the implementation plan.

Over the past six years, I have visited a number of Postal Service field offices including airport mail facilities (AMFs), bulk mail centers (BMCs), processing and distribution centers (P&DCs), associate post offices (AOs), and mailer plants.

During these visits, I observed transportation operations, mail processing operations, and delivery operations.

I received a bachelor's degree in Economics from The College of William and

2 Mary in 1998, *magna cum laude*.

1 ASSOCIATED LIBRARY REFERENCES

2 I am sponsoring the following Library References which are associated with my
3 testimony:

4 USPS LR-K-35: FedEx Dayturn Variability Model

5 This library reference contains printed and electronic versions of
6 the spreadsheets that were used to develop the Federal Express
7 (FedEx) variability factors that are described in my testimony.

8 USPS LR-K-36: Calculation of Alaska Air Adjustment

9 This library reference contains printed and electronic
10 documentation of the spreadsheets and computer programs used
11 to calculate the Alaska Air adjustment.

12 USPS LR-K-38: Amtrak Rollforward Adjustments

13 This library reference contains printed and electronic versions of
14 the spreadsheets that were used to develop the Amtrak rollforward
15 adjustments that are described in my testimony.

16 USPS LR-K-34: Plant Load Study update

17 This library reference contains printed and electronic
18 documentation of the Plant Load study design, sampling
19 methodology, computer programs, and results used to calculate the
20 Highway and Rail Plant Load distribution keys that are described in
21 my testimony.

22 USPS LR-K-33: Density Study update

23 This library reference contains printed and electronic
24 documentation of the Density study design, sampling methodology,
25 computer programs, and results used to calculate the density
 factors that are described in my testimony.

USPS LR-K-37: Estimation of Priority Mail Weight and Average Haul by Zone

2 This library reference contains printed and electronic
3 documentation of the computer programs used to calculate base
4 year Priority Mail air volumes by zone.

ROADMAP

The following roadmap discusses the derivation of elements of my testimony and the witnesses to whom I provide my analysis:

1. Derivation of variability factors for non-fuel transport charges under the FedEx Day Turn agreement: I have relied on the testimony of Witness Bradley (USPS-T-31) for the theoretical arguments for a variability factor. These factors are provided to witness Meehan (USPS-T-9).
2. Changes to the CNET distribution key: I have relied on the testimony of Witness Hunter (USPS-T-3) for the BY2004 FedEx Day turn PQ1 distribution key from USPS LR-K-29. These factors are provided to witness Meehan (USPS-T-9).
3. Calculation of the Alaska air adjustment factors: These factors are provided to witness Meehan (USPS-T-9) and witness Waterbury (USPS-T-10).
4. Calculation of Amtrak Rollforward Adjustments: I have relied on the testimony of Witness Hunter (USPS-T-3) for the BY2004 Amtrak distribution keys from USPS LR-K-28. These factors are provided to witness Waterbury (USPS-T-10).
5. Update of surface density factors: These factors are provided to witness Meehan (USPS-T-9).
6. Update of Plant Load distribution keys: These factors are provided to witness Meehan (USPS-T-9).

1 I. PURPOSE AND SCOPE

2 The purpose of my testimony and the library references I sponsor is to
3 provide certain information related to transportation costs. There are seven issues
4 discussed in my testimony:

- 5 1. Derivation of variability factors for non-fuel transport charges under the
6 FedEx Day Turn agreement
- 7 2. Changes to the CNET distribution key
- 8 3. Calculation of the Alaska air adjustment factors
- 9 4. Development of the distribution of weight by zone of Priority Mail
10 moved on air transportation
- 11 5. Calculation of Amtrak Rollforward Adjustments
- 12 6. Update of surface density factors
- 13 7. Update of Plant Load distribution keys

14 The programs and spreadsheets used to make these changes are described
15 in detail in Library References USPS-K-33 through USPS-K-38.

1 II. FEDEX NON-FUEL TRANSPORT VARIABILITY FACTORS

2 The Postal Service contracts with FedEx to carry mail on its daytime air
3 network. Under the contract, the Postal Service incurs expenses relating to a variety
4 of activities provided by FedEx. These expenses fall into three categories: handling,
5 fuel, and non-fuel transport. Handling charges are incurred for each item handled
6 and scanned at FedEx hubs. These are treated as 100 percent variable with volume
7 because the expenses increase proportionately with the number of scans. Similarly,
8 a fuel charge is assessed for each cubic foot of capacity purchased. Since
9 increases in mail volume result in proportionate increases in cubic feet of capacity
10 required to handle that volume, fuel charges are also treated as 100 percent variable
with volume. As the contract was originally written, non-fuel transport charges were
12 incurred at a fixed rate per cubic foot of capacity purchased. As with handling
13 charges and fuel charges, these were treated as 100 percent volume variable. In
14 the Fall of 2001, the Postal Service faced a directive issued by the Transportation
15 Security Agency to remove all mail in excess of 16 ounces that was not subjected to
16 a pre-boarding security screening. This change resulted in a substantial increase in
17 the cubic volume of mail flown on the FedEx Day Turn network. As a result, there
18 have been addenda to the day turn contract. Instead of a flat rate for each cubic foot
19 of capacity purchased, the addenda use a declining block rate structure.

20 Throughout the base year, a declining block rate structure has been in place.

21 After a certain cubic capacity threshold is reached, the non-fuel transport
charge for additional capacity decreases by a fixed amount to a lower rate. As more
23 capacity is added and higher thresholds are reached, the rate steps down. This rate

structure results in marginal costs of capacity that are less than average cost. The
2 implication for the variability is straightforward. Volume variability is defined as the
3 cost elasticity with respect to volume. This is simply the ratio of marginal cost (MC)
4 to average cost (AC). When $MC < AC$, the variability MC/AC is less than one.

5 Witness Bradley (USPS T-31) presents the analytical method for calculating a
6 variability when costs are characterized by declining block rates. On the basis of this
7 theoretical construct, I will describe the development and application of the variability
8 using FedEx operational and contractual data. The calculation of the variability is
9 conceptually straightforward. Using actual invoice data, I calculate the average daily
10 cubic volume of mail by FedEx schedule block.¹ I then flow the schedule block
11 average daily volumes through the rate tiers to determine the marginal cost. The
marginal cost is just the last tier rate. To find the variability this marginal cost is
13 multiplied by the average daily volume and then divided by the total cost for
14 transporting the entire average daily volume based on the declining rate schedule.

15 The variability calculation takes into account any changes in rates that may
16 be due to new addenda, changes due to scheduled annual increases in contract
17 rates, differences in rates and volumes for weekday service and weekend service,
18 and a ceiling placed on additional expenses incurred by applying the annual
19 scheduled increase to the rate tiers. Using this calculation, I determine the marginal
20 cost of non-fuel transport and the average of non-fuel transport for each schedule
21 block. Summing across quarters, I calculate the quarterly marginal and average
22 costs. The variabilities, MC/AC , that result from this calculation are 0.7547, 0.7328,

¹ FedEx schedule blocks are the planning timeframes that the Postal Service and FedEx use to schedule upcoming transportation.

0.7544, and 0.7537 for quarters one through four, respectively. These factors are applied to non-fuel transport charges in the Cost Segment 14 Excel workbook on the Inputs - Variabilities worksheet which is used by witness Meehan (USPS-T-9). These calculations are described in LR-K-35.

III. CHANGES TO THE CNET DISTRIBUTION KEY

CNET is the shorthand expression used to describe the dedicated air transportation used to meet peak holiday demand in December. In prior years, CNET expenses have been well in excess of \$100 million, primarily because airlift is expensive during this period. In the last two years, however, CNET expenses have declined as the USPS has relied on less expensive alternatives such as highway and the FedEx Day Turn. In FY 2004 CNET expenses were just under \$9.4 million, making the CNET cost pool one of the smallest in Cost Segment 14. One unfortunate offshoot of this operational change has been the difficulty in finding comprehensive origin-destination weight data on which to construct a distribution key. In FY 2002, the Postal Service changed the distribution of CNET costs. In previous years, CNET costs were attributed in a two-step process. First, CNET costs were split between volume-variable costs and premium costs. The volume-variable costs were what it would have cost to transport CNET volumes via commercial air carriers. Volume variable CNET costs were distributed to class and subclass of mail using a pound-mile based distribution key, because commercial air costs were incurred on a pound-mile basis. The premium costs were calculated as the difference between accrued CNET costs and volume-variable CNET costs. CNET premium costs were treated as incremental to Priority Mail. As described in

the testimony of witness Pickett (USPS-T-17) and USPS LR-J-39 in Docket No.

2 R2001-1, the CNET distribution key used CNET operational weight data from
3 distribution and routing (D&R) tags to aggregate TRACS distributions for commercial
4 and network air costs.

5 In order to perform the calculations in the old methodology, two types of
6 information were required. First, total pounds for CNET operations were needed to
7 calculate the premium. Second, the relative D&R tag pounds were needed to
8 construct the distribution key. In FY 2002, it appeared that substantial weight data
9 were missing from the D&R tag operational data, making the accurate calculation of
10 a premium impossible. The Postal Service however did continue to use the relative
11 volumes of CNET D&R tag data to compute a distribution key. Since commercial air
costs were no longer part of the calculation, this new key was based not on pound
13 miles but on a weighted cubic-foot mile aggregation of FedEx Day turn, FedEx night
14 turn, and Passenger Air TRACS distribution keys. Cubic foot miles were calculated
15 by multiplying pound-miles by surface density factors. Owing to similar problems
16 with the operational data, the same methodology was used in FY 2003.

17 In FY 2004 a new approach is being used. Rather than construct a key
18 based on a weighted aggregation of TRACS distribution keys, I distribute CNET
19 costs based on the FedEx Day Turn cost distributions for PQ1 (during which the
20 Christmas mailing season occurred). This is appropriate for two reasons. First,
21 CNET operational data continue to be suspect. Second, CNET distribution keys
22 have been largely the result of the FedEx Day Turn TRACS distribution key. The
FY03 FedEx Day Turn cost distribution is very similar to the FY03 CNET distribution
24 as can be seen by comparing the two relevant distributions from Postal Quarter 2 of

FY 2003.² The FedEx Day Turn distribution factor for Priority Mail was 0.8911; the CNET distribution factor for Priority Mail was 0.8894. The respective First Class factors were 0.0801 and 0.0769. This is not surprising since data from the Day Turn were the major component of the CNET distribution key. These distribution factors are applied to the CNET cost pool in the Cost Segment 14 Excel workbook which is used by witness Meehan (USPS-T-9).

IV. ALASKA AIR ADJUSTMENT FACTOR

The Postal Service attributes only a portion of non-preferential Alaska air costs, using what has come to be known as the Alaska air adjustment factor. The factor is the ratio of the hypothetical costs of transporting mail in Alaska by highway divided by the actual cost incurred for non-preferential air service. The remaining Alaska non-preferential air costs are treated as institutional. The Alaska adjustment factor uses the same methodology as in the last omnibus case. In calculating the adjustment, the cost per cubic foot-mile by highway contract type is used. The calculation of this input can be found in USPS LR-K-36. The Alaska Adjustment factor for each of three years, BY2004, FY2005, and FY2006 are calculated in an Excel spreadsheet in USPS LR-K-36. The factor is applied in the workpapers of Witness Meehan (USPS-T-9); the 2005 and 2006 factors are applied to test year non-preferential Alaska air costs in workpapers of witness Waterbury (USPS-T-10).

² Christmas occurred in Postal Quarter 2 during FY03

V. BASE YEAR PRIORITY MAIL AIR VOLUMES BY ZONE

I have calculated the weight by zone of Priority Mail transported by air that has been traditionally provided to the Priority Mail rate design witness. This calculation has been performed in past cases and no changes have been made to the methodology. Library Reference LR-K-38 contains the program and results.

VI. AMTRAK ROLLFORWARD ADJUSTMENTS

At the end of FY 2004, Amtrak ceased carrying mail under contract to the Postal Service. This mail is now being transported by other modes. Therefore, an adjustment must be made to future costs to account for this operational change. According to the USPS Logistics office, Amtrak service has been replaced by a combination of air transportation and highway service. The air service expense for the transport of mail transported by air such as First-Class Mail and Priority Mail is expected to be \$4 million in FY 2005. Accordingly, I distribute this cost to First-Class and Priority Mail based on the proportion of First-Class and Priority Mail only in the Amtrak cost distribution in FY 2004. This equation represents the calculation I perform:

$$\text{First Class \%} = \text{FC} / (\text{FC} + \text{PM}); \text{Priority Mail \%} = \text{PM} / (\text{FC} + \text{PM})$$

Another \$12 million will be spent to move Periodicals, Standard and Package Services using highway transportation in FY 2005. I distribute these costs to mail classes based on the relative proportions of these classes of mail moved on Amtrak in FY 2004 (akin to the methodology described above). These costs adjustments and cost distributions are performed in USPS LR-K-38 and provided to roll forward witness Waterbury (USPS-T-10).

VII. UPDATE OF TRACS SURFACE DENSITY FACTORS

The primary purpose of the 2001 Density Study was to gather cubic foot and weight information for the calculation of densities for the classes and subclasses of mail identified in the Transportation Cost System (TRACS). During a TRACS data collection test, sample mail is weighed, but cubic feet are not recorded. The density factors developed from this study will be used to convert the sample weights in TRACS to cubic feet. The density factors are estimates of the relative weight per cubic foot of mail loaded in mail transport equipment (e.g., letter trays, flat tubs, and hampers). These density factors have not been updated in approximately ten years. In FY 2001, a study update was conducted. This study is contained in USPS LR-K-33. As the study describes, trained data collectors deployed at sites throughout the country collected samples of mail in appropriate containers of known dimension and weighed the loaded containers. Multiple samples were taken for each mail category of interest on each day of the week. The surface density study is provided to Witness Hunter (USPS-T-3) for use in the relevant TRACS systems. The surface density is also provided to Witness Meehan (USPS-T-9) for use in Cost Segment 8 (Vehicle Service Drivers) and Cost Segment 14 (Transportation).

VIII. UPDATE OF PLANT LOAD DISTRIBUTION KEYS

Plant Loading is an operation in which the Postal Service receives mail at a mailer plant and transports it to bypass handling that would otherwise be required at one or more postal facilities. The distribution keys for mail moved on plant load contracts had not been updated since the mid-1990s. A study update was conducted in FY 2003. This study can be found in Library Reference K-34. It should

be noted that over the last 15 years, plant load activity has declined rather markedly.

In FY04, Highway plant load expenses were only \$31 million and rail plant load expenses were only a little over \$5 million. The following table highlights the decline as a percentage of overall costs over time:

(\$000)	Highway PLD	Highway Total	% Spend	Rail PLD	Rail Total	% Spend
FY90	41,663	1,065,778	3.9%	66,514	254,639	26.12%
FY94	31,369	1,361,491	2.3%	27,051	248,925	10.87%
FY04	31,519	2,391,389	1.3%	5,116	183,419	2.79%

These distribution factors are applied to the highway and rail plant load cost pools in the Cost Segment 14 Excel workbook which is used by witness Meehan (USPS-T-9).

**POSTAL RATE COMMISSION
DOCKET NO. R2005-1
DECLARATION OF JOSEPH E. NASH**

I hereby declare, under penalty of perjury, that:

The direct testimony of Joseph E. Nash on Behalf of the United States Postal Service, USPS-T-17, as amended by errata, was prepared by me or under my direction;

if I were to give this testimony before the Commission orally today, it would be the same;

the library references marked as USPS-LR-K-35, USPS-LR-K-36, USPS-LR-K-38, USPS-LR-K-34, USPS-LR-K-33, and USPS-LR-K-37 were prepared by me or under my direction; and

I sponsor Library References USPS-LR-K-35, USPS-LR-K-36, USPS-LR-K-38, USPS-LR-K-34, USPS-LR-K-33, and USPS-LR-K-37.



JOSEPH E. NASH

DATE

6/24/05

United States Postal Service

**James W. Page
(USPS-T-23)**

USPS-T-23

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

POSTAL RATE AND FEE CHANGES
PURSUANT TO PUBLIC LAW 108-18

Docket No. R2005-1

DIRECT TESTIMONY
OF
JAMES W. PAGE
ON BEHALF OF THE
UNITED STATES POSTAL SERVICE

Revised June 22, 2005

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Library Reference:

USPS-LR-K-59, Attachments 5, 9, 12B, and 14

**DIRECT TESTIMONY
OF JAMES W. PAGE**

AUTOBIOGRAPHICAL SKETCH

My name is James W. Page. I am an Operations Research Analyst in Special Studies, part of Corporate Financial Planning in the Finance Department at Headquarters. I have worked for the Postal Service for 40 years in various positions, including as a Principal Economist in International Costing and Pricing; a Customer Service Analyst in the Office of Consumer Affairs; an Operations Performance Analyst in the Office of Operations Performance; and an Economist and an Operations Research Analyst in the Office of Rates and the Office of the Controller. In my current position, I assist in the training of new analysts and I have worked on the costing of various Special Services.

I previously testified before this commission in: Docket No. MC79-2 (Express Mail Metro Service Proposal), Docket No. MC79-4 (Merchandise Return Service), Docket No. MC81-5 (Express Mail Forwarding and Address Correction Service), Docket No. R83-1 (E-COM Rate and Classification Changes), and Docket No. MC84-2 (E-COM Service). I contributed to the First-Class Mail Presort, Third Class Presort, and Express Mail cost studies (used in 3 cases before the Postal Rate Commission), Electronic Mail Introduction (MC78-3), Sale of ECOM, Post Office Boxes, Express Mail filings, and Special Services updates. I have worked with the Postal Rate Commission on International Contracts for postal products.

I have a Bachelor of Science degree in Systems Management from Rockhurst College, a Jesuit College in Kansas City Missouri.

I. PURPOSE AND SCOPE OF TESTIMONY

The purpose of this testimony is to present estimated test year volume variable costs for Express Mail, Stamped Envelopes, and Periodicals Applications, and to develop Final Adjustments for the rollforward process.

The cost analyses discussed in my testimony are provided in Attachments 5, 9, 12B, and 14 of USPS-LR-K-59.

My test year cost estimates are provided to witnesses Robinson (USPS-T-27) and Taufique (USPS-T-28). The Final Adjustments are used by witnesses Waterbury (USPS-T-10), Kay (USPS-T-18), and Tayman (USPS-T-6).

II. GUIDE TO TESTIMONY AND SUPPORTING DOCUMENTATION

I develop my cost estimates and final adjustments using inputs I obtain from the following witnesses in this case. Witness Tayman (USPS-T-6) provides wage rates and premium pay factors (USPS-LR-K-50); witness Van-Ty-Smith (USPS-T-11) provides deaveraged wage rates (USPS-LR-K-55); witness Smith (USPS-T-13) provides piggyback factors in his testimony; witness Taufique (USPS-T-28) provides test year volumes in his Exhibit A; witness Miller (USPS-T-19 and 20) provides cost model inputs for flats and parcels (USPS-LR-K-43 and USPS-LR-K-46); witness Mayes (USPS-T-25) provides the transportation costs for Parcel Post (USPS-LR-K-89); witness Abdirahman (USPS-T-21) provides cost model inputs for letters (USPS-LR-K-48); witness Wesner (USPS-T-24) provides cost model inputs for Delivery Confirmation (USPS-LR-K-60); and witness Kelley (USPS-T-16) provides rural and city delivery costs (USPS-LR-K-67). The roll forward cost forecast was obtained from witness Waterbury (USPS-LR-K-7);

1 volume forecast data is from witness Thress (USPS-T-7; USPS-LR-K-66); witness
2 Meehan (USPS-T-9) provides base year cost segment data. I obtained First-Class Mail
3 and Standard Mail billing determinants from USPS-LR-K-77.

4 I have relied upon the following Docket No. R2001-1 library references and
5 testimony in preparing my cost analyses:

6 USPS LR-J-69, Cost Models Supporting USPS-T-42 (Abdirahman)

7
8 USPS LR-J-64, Models Supporting USPS-T-25 (Eggleston).

9
10 **III. EXPRESS MAIL RATE CATEGORY COST DIFFERENTIALS**

11
12 *A. Introduction*

13 In Docket No. R97-1, witness Nelson (Docket No. R97-1, USPS-T-19) developed
14 a methodology for Express Mail pricing based on delivery-related differences for the
15 following Express Mail rate categories: Post Office to Addressee, Post Office to Post
16 Office, and Custom Designed. He utilized data from carrier/messenger surveys to
17 support the new approach. The Commission adopted the new cost methodology and
18 implemented the proposal in PRC Op., R97-1, PRC-LR-5.

19 *B. Methodology*

20 My testimony updates witness Nelson's cost methodology (Docket No R97-1,
21 Exhibit USPS-19D) using test year piggyback factors and wage rates. See USPS-LR-
22 K-59 for the Express Mail Rate Category Cost Differentials cost study.

23 *C. Results*

24 Estimated test year cost differentials between Express Mail rate categories are
25 show below in Table 1. The delivery-related costs associated with different rate
26 categories are determined through the unit costs associated with different delivery

methods. The differences between the delivery-related costs for each rate category and the mean delivery-related cost per piece, \$1.047, provides the bases for establishing the “per piece” cost differentials across rate categories.

Table 1: Cost Differentials Across Express Mail Categories

Rate Category	Delivery-Related Cost Per Piece	Cost Per Piece Differential From Mean
PO-to-PO	\$0.081	(\$0.966)
PO-to-Addressee	\$1.061	\$0.014
Custom Designed	\$0.142	(\$0.905)

IV. STAMPED ENVELOPES

A. Introduction

The Stamped Envelope cost model presented in this testimony consists of three components: (1) manufacturing costs, (2) distribution costs, and (3) selling costs. Each component is discussed briefly below.

B. Methodology

The methodology for the Stamped Envelopes cost study is unchanged from witness Abdirahman's methodology in Docket No. R2001-1 (USPS-T-42). I have updated the CPI, mail processing costs per carton, costs per cubic foot, test year roll forward costs, base year CRA costs, SFSC customer service costs, and contract costs.

C. Results

Test year costs for plain Stamped Envelopes are below in Table 2.

Table 2: Test Year Stamped Envelope Costs

PLAIN 10					PRINTED 9			
SIZE	STYLE	BOX LOT OF 500 COST	SINGLES		SIZE	STYLE	BOX LOT OF 500 COST	
214100	10.00	Regular	\$8.60	\$0.0860	214300	9.00	Regular	\$17.14
215100	10.00	Regular	\$8.60	\$0.0860	215400	9.00	Window	\$18.86
215500	10.00	Regular	\$8.60	\$0.0860				
218300	10.00	Regular	\$8.57	\$0.0860	PRINTED 6 3/4			
214200	10.00	Window	\$9.68	\$0.0882	262500	6.75	Regular	\$24.37
215200	10.00	Window	\$9.68	\$0.0882	262700	6.75	Regular	\$13.17
					264100	6.75	Regular	\$13.17
					265500	6.75	Regular	\$13.17
					262800	6.75	Window	\$14.52
					264200	6.75	Window	\$14.33
PLAIN 9								
214300	9.00	Regular	\$11.13	\$0.0911				
215400	9.00	Window	\$12.85	\$0.0945				
PLAIN 6 3/4								
264100	6.75	Regular	\$6.80	\$0.0824	PRINTED HOUSEHOLD 10			
265500	6.75	Regular	\$6.80	\$0.0824	210100	10.00	Regular	\$2.57
264200	6.75	Window	\$7.96	\$0.0848	210500	10.00	Regular	\$2.58
					210600	10.00	Window	\$2.69
PRINTED 10								
214100	10.00	Regular	\$14.61		PRINTED HOUSEHOLD 9			
215100	10.00	Regular	\$14.61		210800	9.00	Regular	\$2.83
215500	10.00	Regular	\$14.61		210900	9.00	Window	\$3.01
216400	10.00	Regular	\$14.61					
218300	10.00	Regular	\$14.58					
214200	10.00	Window	\$15.69		PRINTED HOUSEHOLD 6 3/4			
215200	10.00	Window	\$15.68		260100	6.75	Regular	\$2.44
					262500	6.75	Regular	\$2.44
					264100	6.75	Regular	\$1.31
					262600	6.75	Window	\$2.55
					262700	6.75	Regular	\$1.31

1 V. FINAL ADJUSTMENTS

2 A. Introduction

3 The purpose of this section is to calculate roll forward final adjustments for FY
 4 2005, the test year before rates (TYBR), and the test year after rates (TYAR). These
 5 adjustments are used by witness Waterbury (UPSP-T-10) to adjust costs by subclass in
 6 the roll-forward process. Witness Kay (USPS-T-18) uses the final adjustments by rate
 7 category and cost component in her development of incremental costs. Witness

1 Tayman (USPS-T-6) adjusts Rollforward expense estimates for final adjustments in
2 order to produce total expenses, the Test Year revenue requirement, and income
3 statements for FY 05 and the Test Year (see Exhibits 6A and 6N).

4 Final adjustments are needed because the roll forward process does not capture
5 changes in the mix of mail below the CRA/Rollforward categories. For some classes of
6 mail, this is a valid assumption. However, for other classes of mail, the mail mix
7 changes in ways that significantly affects costs. If costs were not adjusted, the test year
8 costs would be overstated. I have also incorporated final adjustments to reflect the
9 impact of Negotiated Service Agreements (NSAs) with Bank One and Discover, the
10 impacts of which were not already in the base year costs. The final adjustment for
11 Delivery Confirmation reflects the increased domination of the Other Special Services
12 category by the Delivery Confirmation product. Without a final adjustment to costs
13 mirroring the decline in average revenue for the Other Special Services category, the
14 ratio of revenue to cost for the aggregate category would be skewed. An additional set
15 of final adjustments is made to shift a portion of the costs of providing Delivery
16 Confirmation service to the Priority Mail and Parcel Select subclasses, similar to the
17 adjustment made by witness Kiefer in Docket No. R2001-1 (USPS-LR-J-120).

18 *B. Methodology*

19 The steps involved with calculating final adjustments are described below. In
20 order to simplify the explanation, the steps will describe how the Parcel Post mail
21 processing FY 2005 final adjustment is calculated.

Step 1. Calculate the average mail processing unit cost used by the roll forward model to calculate the Parcel Post mail processing costs in FY2005. This is estimated by dividing total mail processing Parcel Post costs by total Parcel Post volume, using the base year volume mix.

Step 2. Calculate the average mail processing unit cost for Parcel Post in FY2005 assuming the FY 2005 Parcel Post volume mix. This unit cost is estimated by multiplying the FY 2005 mail processing unit cost for each rate category by its respective FY 2005 volume, and then dividing the sum by total Parcel Post FY 2005 volume.

Step 3. Subtract the unit cost in Step 1 from the unit cost in Step 2. This is the unit cost differential between the average unit cost assuming FY 2005 volume mix and the average unit cost assuming base year volume mix.

Step 4. Multiply the cost differential calculated in Step 3 by Parcel Post volume in FY 2005. This is the mail processing Parcel Post adjustment for FY 2005. If this number is positive, this is the amount to be added to the roll-forward cost. If this number is negative, this is the amount to be subtracted from the roll-forward cost.

For the NSA adjustment, I have relied upon the methodological approaches presented in Negotiated Service Agreement litigation for the Bank One and Discover cases; however my estimates are not identical to the ones in the NSA cases because I am using cost estimates developed in the context of this omnibus case.

Revised June 22, 2005
USPS-T-23, Page 7

C. Results

Table 3: Total Final Adjustments, LR-K-59, Attachment 14a

Mail Class	2005	BR 2006	AR 2006
First-Class Presort	(35,017)	(67,035)	(113,494)
First-Class Presort Cards	(2,175)	(4,608)	(4,600)
Standard Regular	(139,564)	(249,309)	(253,734)
Parcel Post	8,233	65,883	78,301
Priority Mail		23,959	23,013
Other Special Services			
Delivery Confirmation Cost Shift		(53,200)	(51,101)
Total For All Classes Assigned to Cost Segment	(168,523)	(284,311)	(321,615)
Other Special Services			
Mail Mix Change	(12,734)	(30,839)	(24,023)
Total For All Classes	(181,257)	(315,150)	(345,639)

VI. PERIODICALS APPLICATIONS

A. Introduction

Before a publication will be considered for Periodicals authorization, the publisher at the post office must file a Periodicals Application for Original Entry (Form 3501) where the publisher is located. Upon receipt, the postmaster or other postal employee visits the publisher's office to verify information provided in the application. The post office then sends the application to the district office for initial review and processing. Following an initial review, the district office forwards the application to a Pricing and

Classification Center (PCC) for a detailed review and coordination with the Library of Congress. A PCC analyst issues an approval or denial based on the above analyses.

B. Methodology

The cost methodology for Periodicals Applications is similar to the Docket No. R2001-1 methodology (see Docket No. R2001-1, USPS LR-J-69), with one exception; piggyback factors have been excluded in the past. This has been corrected in this testimony. I have included piggyback factors where direct labor is used in a postal facility. Wage rates and the measure of inflation, CPI, have been updated. See USPS-LR-K-59 for the Periodicals Application cost model.

C. Results

Estimated test year costs for Periodicals Applications are shown below in Table 4.

Table 4: Test Year Periodicals Application Costs

Periodicals Application Type	Total Test Year Cost per Application
Original Entry	\$393.03
Reentry	\$60.03
Additional Entry	\$43.80
News Agents	\$30.27

VII. Proposed Changes Relative to PRC Methodology

The material changes between my cost models, Attachments 5, 9, 12B, and 14 in USPS-LR-K-59, and the PRC version, Attachments 5, 9, 12B, and 14 in USPS-LR-K-111, are volume variabilities, piggybacks factors, and the roll-forward, and city and rural delivery costs.

The following chart compares the test year cost estimates produced in USPS-LR-K-59 with the ones produced in the PRC version (USPS-LR-K-111).

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Table 5: Test Year Cost Estimates

	LR-K-59	LR-K-111
Stamped Envelopes, see below		
Express Mail Costs		
PO-to-PO	\$0.08	\$0.09
PO-to-Addressee	\$1.06	\$1.07
Custom Designed	\$0.14	\$0.15
Periodicals Applications		
Original Entry Cost	\$393.03	\$392.87
Additional Entry Cost	\$60.03	\$59.94
Reentry Cost	\$43.80	\$43.73
Registration for News Agents	\$30.27	\$30.24

The following table presents PRC Final Adjustment that can be compared to the Postal Service Final Adjustments shown in Table 3.

**Table 6: PRC Version Total Final Adjustments
LR-K-111, Attachment 14a**

Mail Class	2005	BR 2006	AR 2006
First-Class Presort	(35,420)	(65,459)	(112,142)
First-Class Presort Cards	(2,311)	(4,907)	(4,935)
Standard Regular	(161,760)	(287,261)	(293,668)
Parcel Post	8,716	69,107	82,245
Priority Mail		24,888	23,906
Other Special Services			
Delivery Confirmation Cost Shift		(55,264)	(53,084)
Total For All Classes Assigned to Cost Segment	(190,774)	(318,896)	(357,678)
Other Special Services			
Mail Mix Change	(37,994)	(86,443)	(69,304)
Total For All Classes	(228,768)	(405,339)	(426,982)

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The PRC Stamped Envelope costs shown in Table 7 can be compared to the
Postal Service Stamped Envelope costs shown in Table 2.

Table 7: Stamped Envelopes, PRC Version

BOX LOT OF 500					BOX LOT OF 500			
SIZE	STYLE	COST	SINGLES		SIZE	STYLE	COST	
PLAIN 10					PRINTED 9			
214100	10.00	Regular	\$8.41	\$0.0857	214300	9.00	Regular	\$17.14
215100	10.00	Regular	\$8.41	\$0.0857	215400	9.00	Window	\$18.86
215500	10.00	Regular	\$8.41	\$0.0857				
218300	10.00	Regular	\$8.38	\$0.0856	PRINTED 6 3/4			
214200	10.00	Window	\$9.49	\$0.0878	262500	6.75	Regular	\$24.37
215200	10.00	Window	\$9.49	\$0.0878	262700	6.75	Regular	\$13.17
					264100	6.75	Regular	\$13.17
					265500	6.75	Regular	\$13.17
PLAIN 9					262800	6.75	Window	\$14.52
214300	9.00	Regular	\$10.94	\$0.0907	264200	6.75	Window	\$14.33
215400	9.00	Window	\$12.66	\$0.0942				
PLAIN 6 3/4								BOX LOT OF 50 COST
264100	6.75	Regular	\$6.68	\$0.0822	PRINTED HOUSEHOLD 10			
265500	6.75	Regular	\$6.68	\$0.0822	210100	10.00	Regular	\$2.57
264200	6.75	Window	\$7.84	\$0.0845	210500	10.00	Regular	\$2.58
					210600	10.00	Window	\$2.69
PRINTED 10								
214100	10.00	Regular	\$14.61		PRINTED HOUSEHOLD 9			
215100	10.00	Regular	\$14.61		210800	9.00	Regular	\$2.83
215500	10.00	Regular	\$14.61		210900	9.00	Window	\$3.01
216400	10.00	Regular	\$14.61					
218300	10.00	Regular	\$14.58		PRINTED HOUSEHOLD 6 3/4			
214200	10.00	Window	\$15.69		260100	6.75	Regular	\$2.44
215200	10.00	Window	\$15.68		262500	6.75	Regular	\$2.44
					264100	6.75	Regular	\$1.31
					262600	6.75	Window	\$2.55
					262700	6.75	Regular	\$1.31

1

To the extent that, in response to Commission Rule 53, I discuss and compare
3 PRC versions of costing materials in this testimony, I do not sponsor those materials, or
4 in any way endorse the methodologies used to prepare them. In its Order No. 1380
5 adopting the roadmap rule, the Commission included the following statements regarding
6 the role played by Postal Service witnesses under these circumstances:

7 The comparison required by this exercise cannot be equated with
8 sponsoring the preexisting methodology. It merely identifies and
9 gives context to the proposed change, serving as a benchmark so
10 that the impact can be assessed. ... [W]itnesses submitting
11 testimony under Rule 53(c) sponsor the proposed methodological
12 changes, not the preexisting methodology. That they may be
13 compelled to reference the preexisting methodology does not mean
14 that they are sponsoring it.
15

Order No. 1380 (August 7, 2003) at 7. Therefore, although I may be compelled to refer
17 to the PRC methodologies and versions corresponding to the Postal Service proposals
18 which are the subject of my testimony, my testimony does not sponsor those PRC
19 materials.

**POSTAL RATE COMMISSION
DOCKET NO. R2005-1
DECLARATION OF JAMES W. PAGE**

I hereby declare, under penalty of perjury, that:

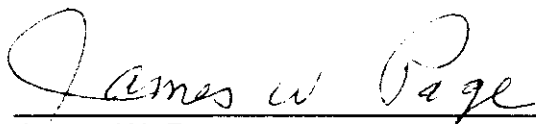
The Direct Testimony of James W. Page on Behalf of the United States Postal Service, as amended by errata filed on June 22, 2005, and designated as USPS-T-23, was prepared by me or under my direction;

If I were to give this testimony before the Commission orally today, it would be the same;

I sponsor Attachments 5, 9, 12B, and 14 to Postal Service Library Reference K-59;

I prepared the response to Question 3 of Presiding Officer's Information Request No. 6; and

If I were to respond to this question orally today, the response would be the same.


James W. Page

DATE 7/30/2005

United States Postal Service

**Marc A. Smith
(USPS-T-13)**

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS SMITH
(USPS-T-13) TO INTERROGATORY OF OFFICE OF THE CONSUMER
ADVOCATE, REDIRECTED FROM WITNESS MEEHAN (USPS-T-9)

OCA/USPS-T9-7 Please refer to your response to OCA/USPS-T9-6(c). Your response calculates a unit cost change based upon a revised total BY 2004 volume variable cost for Registered Mail of \$77,999,150, citing Footnote 1, which references your testimony, USPS-T-9, at new page 14, entitled "Base Year 2004 Supplemental Information on Registered Mail."

a. Please confirm that the unit cost change between BY 2000 and BY 2004 is 65.59 percent ($(\$77,999,150 / 5,008,595) / (\$83,824,000 / 8,913,000) - 1$). If you do not confirm, please explain.

b. Please confirm that the Revised Total BY 2004 Volume Variable cost for Registry of \$77,999,150 can be calculated as follows: $(\$81,268 - ((\$4,883 - \$2,101) * 1.175))$. If you do not confirm, please explain.

c. Please confirm that the piggyback factor of 1.175 applied to the difference between the as filed and revised BY 2004 C/S10 rural carrier costs of \$4,883,000 and \$2,101,000, respectively, accounts for all changes in each of the cost segments of Registered Mail.

d. To calculate the Revised Total BY 2004 Volume Variable cost for Registry of \$77,999,150, please provide an algebraic equation demonstrating that the piggyback factor of 1.175 applied to the difference between the as filed and revised BY 2004 C/S10 rural carrier costs of \$4,883,000 and \$2,101,000, respectively, accounts for all changes in each of the cost segments of Registered Mail. Please show all calculations and provide citations for all figures used.

RESPONSE:

a.-c. Answered by witness Meehan (USPS-T-9).

d. The rural carrier piggyback factor for Registry, 1.175, accounts for all changes, due to the decline in rural carrier costs, in each of the cost segments of Registry. The piggyback factors are designed to do exactly that (see my testimony page 47, lines 2-9).

The base year piggyback factor for rural carriers is calculated in USPS-LR-K-52, Excel workbook BYPBack.USPS.xls, worksheet Rural Dep, see columns A to AB in particular. Columns F to Y (or column

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS SMITH
(USPS-T-13) TO INTERROGATORY OF OFFICE OF THE CONSUMER
ADVOCATE, REDIRECTED FROM WITNESS MEEHAN (USPS-T-9)

numbers 3 to 22) of that worksheet shows the amount of cost in each dependent component that is considered to be related to rural carriers labor costs, as described in USPS-LR-K-1. The sum of the dependent component costs by mail class or service, plus the costs for rural carriers, divided by the rural carrier cost for that mail class or service, equals the piggyback ratio for the rural carrier mail class or service. The algebra for this calculation is contained in the formulas for each cell, and is documented at the top of each column. These calculations are the same or are based on the base year cost calculations, as contained in witness Meehan's testimony, USPS-T-9, and as documented in LR-K1, LR-K-4 and LR-K-5.

For instance, referring to worksheet Rural Dep, in column 2, the Registry rural carrier labor cost is \$4,883 (in thousands), as originally filed. The total dependent cost, as originally filed, is \$855 (in thousands) and is the sum of columns 3 to 22 (C3 to C22). The sum of the rural carrier labor costs and dependent costs for Registry is \$5,738 (in thousands) as shown in column 24 (C24). The ratio of C24 to C2 is the piggyback factor. That is $\$5,738/\$4,883 = 1.175$, is the piggyback factor.

An algebraic equation can be constructed as follows (please note all costs given below are in thousands of dollars). C24 is the sum of rural labor in C2 plus the dependent costs in C3 to C22. For registry this is:

$$5,738 = 4,883 + 54 + 41 + 14 + \dots + 0 \text{ or alternatively:}$$

$$C24 = C2 + C3 + C4 + C5 + \dots + C22.$$

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS SMITH
(USPS-T-13) TO INTERROGATORY OF OFFICE OF THE CONSUMER
ADVOCATE, REDIRECTED FROM WITNESS MEEHAN (USPS-T-9)

The costs C3 to C22 are all functions of C2, consistent with the calculations for the base year costs. Therefore, every dependent cost in C3 to C22 is of the form $C2 * k_i$, where i goes from 3 to 22. The k_i are parameters determined by base year costs. We can restate the above equation as:

$$C24 = C2 + C2 * k_3 + C2 * k_4 + C2 * k_5 + \dots + C2 * k_{22}$$

Thus the piggyback factor is:

$$C24/C2 = 1.175 = 1 + k_3 + k_4 + k_5 + \dots + k_{22}$$

The k_i reflect the costs and methods of the base year as shown below for k_3 , k_4 and k_5 . The costs listed below are the total accrued costs (in thousands of dollars) for each of the components except for the calculation in k_5 where total volume variable costs (VVC) are used for Higher Level Supervision (HLS) labor costs, as noted.

$$k_3 = \text{Rural Supervision} / \text{Rural Carrier Labor} = 52,672/4,749,020 = 0.01109113$$

$$k_4 = \text{Rural Carrier MVS Personnel} / \text{Rural Carrier Labor} = 40,312/4,749,020 = 0.0008488488$$

$$k_5 = (\text{HLS VVC} / \text{VVC of HLS Supervised Labor}) * (1 + k_3 + k_4) = (75,588/26,069,251) * (1 + k_3 + k_4) = 0.00295628$$

Citations for the above are provided below in Table 1.

The value of k_3 which equals 0.01109113, indicates that for every dollar of rural carrier labor costs there is 1.109113 cents of rural carrier supervision as calculated in the base year. This follows from the base

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS SMITH
(USPS-T-13) TO INTERROGATORY OF OFFICE OF THE CONSUMER
ADVOCATE, REDIRECTED FROM WITNESS MEEHAN (USPS-T-9)

year treatment of rural carrier supervision which takes on the variability and distribution of rural carrier labor, see LR-K-1, page 2-4. The product of k_3 and \$4,883 (C2) is 54, the same as shown in the piggyback factor calculations in C3 for Registry.

Things become more complicated for k_5 (for Higher Level Supervision) in that the amount of HLS is driven not only by rural carrier labor costs but also rural carrier supervision and rural carrier MVS labor costs. As a result, the formula for k_5 includes k_3 and k_4 .

The change in rural carrier cost for Registry, due to the correction in the Registry RCS volumes, is $(\$4,883 - \$2,101 =) \$2,782$. Multiplying this change in rural labor costs by the piggyback ratio of 1.175 provides the total change in Registry costs, \$3,269. This includes the change in cost for the dependent components as well as the change in rural carrier labor costs. As shown above, the piggyback factor, 1.175, is based on the base year costs of witness Meehan, USPS-T-9.

**Attachment to Response of Witness Smith
to OCA/USPS-T9-7d, Redirected from Witness Meehan**

Table 1: Base Year Sources for Calculations of k_3 , k_4 and k_5		
Labor Cost	Cost Segment or Component Number	Citation
Rural Carrier Supervision	2.4.2	LR-K-4, BY04.CRpt.xls, sheet CS2.
Rural Carrier Labor	10.1 + 10.2	LR-K-4, BY04.CRpt.xls, sheet CS10.
Rural Carrier MVS Personnel	rural carrier portion of 12.1, 0548	LR-K-4, BY04.B.xls, sheet CS12, column L, 0548.
Rural Carrier Labor	same as above.	
HLS VVC	2.5.2	LR-K-4, BY04.CRpt.xls, sheet CS2.
VVC of HLS Supervised Labor	0294	LR-K-52, BYPBack.USPS.xls, sheet Input-DK, cell D51. Also see LR-K-4, BY04.cntl.xls, sheet DK Addends, column H This last reference lists the CRA components of 0294

United States Postal Service

**Altaf H. Taufique
(USPS-T-28)**

RESPONSE OF WITNESS TAUFIQUE
TO POIR NO. 7, QUESTION 4

4. Please update the volumes by zone and weight in the Billing Determinants, USPS-T-28A, PM-1, based on witness Taufique's response to POIR No. 5, Question 3, part e.

RESPONSE:

The attached spreadsheet provides the updated volumes by zone and weight.

Attachment to response to POIR 7, Question 4.

**Priority Mail
FY 2004 Volume**

Weight to:	Zones						
(Pounds)	<u>L.1,2&3</u>	<u>Zone 4</u>	<u>Zone 5</u>	<u>Zone 6</u>	<u>Zone 7</u>	<u>Zone 8</u>	<u>Total</u>
Flat-Rate Env.	29,075,560	11,964,244	13,748,524	8,442,744	6,024,027	11,784,133	81,039,231
1	111,402,408	44,176,873	51,090,853	29,166,403	22,196,867	42,621,040	300,654,444
2	114,138,381	39,001,808	41,970,565	23,183,431	17,210,966	33,744,844	269,250,084
3	33,994,523	13,585,233	13,876,607	7,697,886	5,912,085	11,571,557	86,637,890
4	15,041,246	6,160,304	6,436,312	3,815,310	2,822,752	5,770,951	40,046,875
5	7,762,190	3,360,187	3,495,380	2,237,587	1,666,690	3,308,947	21,830,980
6	4,429,157	2,027,862	2,260,119	1,513,694	991,350	2,293,844	13,516,027
7	2,797,891	1,306,206	1,701,226	1,059,784	769,353	1,524,222	9,158,683
8	1,684,929	859,646	1,012,362	747,418	521,395	1,275,235	6,100,986
9	1,101,389	581,178	755,293	430,654	349,130	879,379	4,097,022
10	748,804	410,501	567,687	392,518	302,489	651,237	3,073,236
11	557,512	329,990	423,195	269,413	220,556	506,547	2,307,213
12	466,359	315,741	328,262	202,839	184,939	410,062	1,908,203
13	343,654	199,178	269,584	158,013	117,898	296,091	1,384,417
14	212,282	129,149	202,488	133,188	95,215	246,633	1,018,955
15	204,049	103,544	141,736	145,058	81,272	207,930	883,589
16	172,246	91,214	125,185	80,222	78,589	162,740	710,196
17	157,613	84,451	134,808	76,293	43,692	136,172	633,028
18	179,479	65,655	90,851	56,204	64,560	114,051	570,800
19	123,842	50,646	99,080	52,450	36,522	98,288	460,828
20	107,498	56,667	99,675	42,117	29,292	101,074	436,322
21	115,537	92,840	42,641	47,526	32,463	77,911	408,918
22	103,608	29,841	34,736	30,057	20,362	65,646	284,250
23	75,301	23,645	39,274	17,928	29,133	62,615	247,897
24	44,790	28,507	56,814	25,094	25,686	50,112	231,003
25	37,848	23,040	31,539	18,611	12,573	43,760	167,371
26	41,932	14,388	16,021	29,409	14,964	41,643	158,357
27	36,626	13,711	15,250	35,618	16,794	47,201	165,202
28	33,603	9,505	15,567	7,638	7,522	34,214	108,049
29	26,000	16,957	14,892	22,718	13,814	26,325	120,707
30	25,786	11,227	10,760	14,022	5,769	32,896	100,460
31	25,029	6,997	16,688	8,062	7,673	23,828	88,278
32	16,419	10,524	8,496	9,440	15,018	18,799	78,697
33	20,203	8,931	10,727	4,093	9,876	27,577	81,406
34	46,313	5,286	8,150	3,215	12,619	13,559	89,142
35	15,217	5,684	5,301	3,643	6,431	15,964	52,241
36	17,079	5,531	10,062	6,597	3,138	7,322	49,729
37	16,083	3,630	10,103	5,473	11,528	7,041	53,858
38	10,985	8,707	7,888	4,396	1,732	19,425	53,133
39	6,565	3,276	15,863	4,169	7,556	9,175	46,604
40	4,925	6,796	2,517	5,291	629	8,423	28,580
41	11,124	2,462	1,981	2,983	4,252	8,236	31,039
42	3,618	1,830	1,640	1,769	561	6,907	16,324
43	4,058	313	2,121	3,577	889	3,064	14,022
44	2,446	1,161	2,767	1,530	2,955	3,381	14,239
45	2,353	1,271	1,090	1,131	4,161	3,328	13,334
46	5,146	490	893	887	1,883	2,653	11,952
47	534	2,538	355	1,425	1,183	1,590	7,624
48	3,025	406	1,569	945	3,540	2,199	11,684
49	365	454	0	894	5,365	4,148	11,226
50	3,350	2,479	1,247	1,303	1,181	5,179	14,740
51	3,461	79	532	118	562	1,807	6,559

Attachment to response to POIR 7, Question 4.

**Priority Mail
FY 2004 Volume**

<u>Weight to:</u> <u>(Pounds)</u>	<u>Zones</u> <u>L,1,2&3</u>	<u>Zone 4</u>	<u>Zone 5</u>	<u>Zone 6</u>	<u>Zone 7</u>	<u>Zone 8</u>	<u>Total</u>
52	959	78	263	240	665	3,432	5,637
53	2,969	0	1,458	1,726	38	0	6,192
54	35	0	415	296	96	271	1,112
55	719	430	6,565	711	231	715	9,371
56	526	0	74	4,608	0	3,094	8,302
57	1,417	0	112	0	0	2,148	3,677
58	319	0	645	529	299	2,381	4,174
59	711	0	0	166	0	654	1,531
60	571	163	0	292	0	2,569	3,595
61	418	0	757	356	529	1,230	3,290
62	501	290	19	0	0	56	867
63	718	0	0	404	465	0	1,587
64	1,255	0	0	0	0	0	1,255
65	558	0	625	100	506	58	1,848
66	433	0	0	0	0	0	433
67	0	0	0	732	0	0	732
68	0	0	242	0	2,025	290	2,557
69	468	0	40	65	0	0	574
70	231	0	0	78	0	0	309
Balloon	25,212	9,738	13,433	13,100	10,329	18,597	90,409
Total	325,498,359	125,213,575	139,241,923	80,246,193	60,016,631	118,416,401	848,633,083
						Pickup Stops	209,433

Source

For Pickup Stops: San Mateo Report CED263P4, Sep. FY '04.

RESPONSE OF POSTAL SERVICE WITNESS TAUFIQUE
TO POIR NO. 8, QUESTION 12

12. Please refer to USPS-LR-K-115, USPS-T-28C spreadsheets, to the sheet entitled "SS-26 Permit Imprint Per." In C3 there is a number showing the proportion of transactions at the "old" fee (which is inferred to be \$125 in the calculations) and the "new" fee (which is inferred to be \$150 in the calculations). In cell C17, the FY 2004 fee is listed as 129.7554348, derived from the above-mentioned figures. Were there two different fees being charged for this service in 2004? Since the base year fee is listed as \$150, why does this sheet show that \$125 was charged close to 81% of the time?

RESPONSE:

The FY 2004 fee of \$129.7554348 listed in cell C17 is incorrect. There was only one fee charged for this service in FY 2004, and that fee is \$150. The old fee and new fee references are to FY 2002, when there were two fees charged for the service, but these references should not have been in this workpaper.

The fee should have been \$150, not \$129.7554348. Consequently, the Base Year and Test Year volumes should all be 41,758 (not 48,273). The Test Year Before Rates revenue should be \$6,263,713 (not \$7,240,983) and the Test Year After Rates revenue should be \$6,681,294 (not \$7,723,715).

RESPONSE OF POSTAL SERVICE WITNESS TAUFIQUE
TO POIR NO. 8, QUESTION 13

13. The record reflects three different figures for Periodicals Within County revenue. Witness Robinson's Exhibit 27B (revised 6/10/05) shows Periodicals Within County revenue of \$69,044,800. Witness Taufique's USPS-T-28A spreadsheet in USPS-LR-K-115 (revised 6/07/05) shows Within County postage revenue of \$69,043,612 (worksheet "2006 AR"). Taufique's USPS-T-28B spreadsheet in USPS-LR-K-115 (revised 6/07/05) shows Within County postage revenue of \$67,324,612 (worksheet "WC-6 Test Year 2006 AR"). Taufique's USPS-T-28C spreadsheet in USPS-LR-K-115 (Revised 6/07/05) shows Within County fees of \$1,720,489. The sum of the revenue in USPS-T-28B and fees in USPS-T-28C is \$69,045,101. Please reconcile the differences among these three revenue amounts and show the derivation of the correct amount.

RESPONSE:

The correct revenue figure for Within County Periodicals is \$69,045,101, derived by summing the Within County postage revenue of \$67,324,612 with the Within County fees revenue of \$1,720,489. A spreadsheet error exists in the "2006 AR" worksheet in USPS-LR-K-115. Exhibit USPS-27B has a minor typographical error which will not change Within County revenue as displayed in the Exhibit.

**RESPONSE OF POSTAL SERVICE WITNESS TAUFIQUE
TO POIR NO. 8, QUESTION 17**

17. Please refer to Witness Taufique's response to VP/USPS-T-28-32 and to the billing determinants shown in LR-K-115, File: USPS-T-28ASpreadsheets, Sheet: S-3 REG Commercial BDs and Sheet: S-7 Comm. Piece-Pound Dist.-BY. In his response, Witness Taufique states that there were 3,162,367 pieces and \$1,798,354 in revenue for Customized Market Mail (CMM) in FY 2004.
- a. Please provide the cell locations for the FY 2004 CMM piece and revenue amounts in sheet: S-3 REG Commercial BDs.
 - b. Please provide the cell locations for the FY 2004 CMM piece volume in sheet: S-7 Comm. Piece-Pound Dist.-BY.
 - c. Please explain how the procedure for calculating Standard Mail TYAR revenues ensures that TYAR CMM pieces are charged both the Basic Nonautomation Nonletter minimum piece rate plus the residual shape surcharge.

RESPONSE:

- a. The CMM volumes are contained in the Basic Nonletters (piece rates), No Destination Entry item in cell H80. Since CMM pieces are RSS pieces, their volumes are also contained lower on the same worksheet in the corresponding volumes of RSS pieces, cell H123. There are no revenues reported on this worksheet, although the CMM volumes contribute to the revenue per piece figures reported in the adjacent cells G80 and G123.
- b. The CMM volumes are contained in the Basic Presorted (Nonautomation) Parcels (Piece Rated Pieces-Origin Entry) item, cell D32.
- c. Cell D32 in Sheet S-7 (referenced in part b, above) includes CMM base year volumes, and feeds into the corresponding cell in Sheet S-21, TYAR Comm. Pcs & Pounds. Volumes in this cell in Sheet S-21 are multiplied by the proposed Nonautomation Nonletter minimum per piece rates, including the residual shape surcharge, to obtain the corresponding component of TYAR revenue reported in Sheet S-23, TYAR Commercial Revenues.

United States Postal Service

**William P. Tayman, Jr.
(USPS-T-6)**

RESPONSE OF UNITED STATES POSTAL SERVICE WITNESS TAYMAN
TO PRESIDING OFFICER'S INFORMATION REQUEST NO. 7, QUESTION 15

POIR No. 7-15. Refer to the item "other income" in Exhibit USPS-27B, "Summary of Estimated Test Year After Rates Finances Revenue and Volume Variable Cost." Please provide an itemized list of the components which make up this sum. Also include account numbers, descriptions, and base year amounts.

Response:

Attached is the breakdown of FY 2004 Other Income by general ledger account number for the base year. The Test Year After Rates Other Income figure on Exhibit USPS-27B is composed of the following:

Retail Alliances	\$ 19.094	USPS-LR-K-50, Chapter Xe., page 444
Miscellaneous Income	\$484.890	USPS-LR-K-50, Chapter Xe., page 444
Special Service Fees	<u>\$ - 8.566</u>	Other Special Services Fees
Total	\$495.418	Exhibit USPS-27B, Other Income

As described in USPS-LR-K-50 Chapter X, e, retail alliances is forecast as the ratio of actual revenue to expected revenue for the four previous quarters multiplied by the expected revenue for the current quarter. As also described in USPS-LR-K-50 Chapter X, e, miscellaneous income is forecast in total based on averages of prior year amounts; therefore, estimates by specific line items are not available. The special services fees included in miscellaneous income (e.g. address changes to election boards, correction of mailing lists, meter service, permit imprint permit fees, shipper paid forwarding, and ZIP Coding of mailing lists) are removed from the total other income and included in revenue from other special services by witness Robinson in her Exhibit 27B.

Other Income
FISCAL YEAR 2004

Gen Ledger Acct #	Label	FY 2004
101.000	Rev-Packg Prod Natl General	(73)
.2101.093	Rev-Packg Prod Natl General	90,636,292
42102.000	Retail Prod-Postal Merch	(480)
42102.098	Retail Prod-Postal Merch	3,314,152
42105.000	Retail-Drop Box Alliance	20,246,293
42107.000	Retail Prod-Philat. Sales	(8,387)
42107.092	Retail Prod-Philat. Sales	31,042,479
42199.000	COG Pack Prod Natl General	178,623
42341.000	Migratory Bird Stamps	181,767
43330.112	On-Site Meter Setting Fee	41,804
43333.141	Merch Return Svc Annual Fee	179,059
43340.137	Stamps By Phone Fees	6,068,815
43341.155	Merch Return Service Fee	408,218
43350.000	Photo Copy Service	(3,543)
43350.123	Photo Copy Service	17,441,739
43350.241	Passport Photo Service	13,528,963
43360.000	Annual Fees-Subscrip Serv	880,845
43360.128	Annual Fees-Subscrip Serv	80,388
43370.129	Change of Address Infor Fees	143,777
43380.000	Privacy Act Copying Fees	783
43380.127	Privacy Act Copying Fees	22,560
43381.120	Other Correction of Mail List	107,756
43383.000	Permit Imprint Application Fee	(150)
43383.140	Permit Imprint Application Fee	6,263,713
43387.000	Service for Contractors	(124,365)
43387.147	Service for Contractors	8,035
43388.000	Freedom of Information Act	22,858
43388.198	Freedom of Information Act	61,787
4389.000	Other Refund of Fees	(117,066)
.389.535	Other Refund of Fees	(9,729,101)
43391.148	Customs Fees/Storage Chg	203,304
43420.264	Passport Application Fees	111,194,000
44028.146	Other Unclaim Mony Dead L/P	417,256
44028.549	Other Unclaim Mony Dead L/P	(316,281)
44029.145	Other Auction Unclaim Merch	5,440,715
44030.000	Rev-Misc Other Services	119,592,959
44030.126	Revenue - Other Misc	48,905,655
44030.262	Rev - Other Misc Norman TC	145,476
44031.000	Other - USPS Parking Fees	90,189
44032.106	Money By Wire Fees	2,131,583
44032.646	Money By Wire Fees Refunds	(10,681)
44033.000	Revenue From Forfeitures	2,261
44035.000	Rev - Misc Other Income	1,641,708
44036.000	Rev-Sale Supply Center Inv	4,670,607
44036.157	Rev-Sale of Antiques	4,724
44037.122	Rev-Other Periodical Denied	517,332
44038.000	Veh Sup/Svc-US Gov't Agency	120,462
44039.000	Refund of Misc Revenue	358,487
44039.624	Refund of Misc Revenue	(3,003,227)
44041.083	Rev-Commemorative Env	2,505,985
44041.524	Rev-Commemorative Env	(10,908)
44043.099	Revenue - Phone Cards	12,159,579
44043.108	Rev - Marketing Initiatives	74,753
44043.199	Rev - Phone Cards-Vending	164,700
44043.231	Rev-Mkt Init-WB Products	12,155,787
44043.499	Rev - Phone Cards Returns	(7,292)
44043.608	Rev-Mkt Init-Postal Prod Ref	(107,907)
44046.000	Rent - Private Concerns	36,198,067
44047.000	Rent/Fuel/Util US Gov't Agen	36,151,790
4051.000	Rev-Other Crim Rest I.S.	105
.5610.000	Land/Bldgs Sale Gain/Loss	12,194,213
45960.000	Reim/Cost Reduction Cntl	(29,619,599)
45961.000	Land/Bldgs-Coll From Sale	23,358,653
45963.000	Misc Equip-Coll From Sale	1,444,443
45965.000	Motor Veh-Coll From Sale	5,470,570
	Other Income	\$ 585,117,009

United States Postal Service

**Lillian Waterbury
(USPS-T-10)**

RESPONSE OF POSTAL SERVICE WITNESS WATERBURY TO
POIR NO. 2, QUESTION 12

12. The table in USPS-T-10, Appendix G, shows the distribution keys used for cost reductions and other programs in the roll forward model. While the sources of these keys are identified by witness testimony reference, the exact source of these keys is not identified (i.e., library reference, exhibit, table number, page, etc.).

- a. Please provide a more detailed source of the distribution keys noted in USPS-T-10, Appendix G.
- b. Please provide a spreadsheet table detailing the base year inputs by class/subclass of mail for all the keys in Appendix G.

RESPONSE:

(a) A more detailed source of the distribution keys noted in USPS-T-10, Appendix G, is attached as page G1-1. Errata to Appendix G reflecting this attachment will be filed subsequently.

(b) A spreadsheet table detailing the base year inputs by class/subclass of mail for all distribution keys in Appendix G is attached as pages G2-1 and G2-2. Errata to Appendix G reflecting these attachments will be filed subsequently.

Roll Forward Distribution Keys Used for Cost Reductions and Other Programs

Roll Forward Dist. Keys	Distribution Key Title	Base Year Dist. Keys	Source
1418 not used 1419 not used 1420 not used 1439 not used 1440 Delivery BCS, Carrier Sequence BCS 1441 OCHs (including BCS on OCHs) 1442 AFMS 100 1443 SPBS - Non-Priority & Priority 1444 LDC 15 - RBCS 1445 Cancellation & Mail Preparation - Metered 1446 International / ISCs 1447 LDC 79 - Mailing Reqs. & Bus Mail Entry 1448 BMC - Parcel Sorting Machine 1449 not used 1450 Mechanized Tray Sorter 1451 not used 1452 not used 1453 Facer/Canceler - Letters 1454 Facer/Canceler - Flats 1455 not used 1456 Automated Postal Centers (APCs) 1457 Allied Labor 1458 CFS Letters 1459 CFS Flats 1460 not used 1461 BPI Function 1 Mail Proc Op 1462 not used 1463 not used 1464 BPI Function 4 Mail Proc 1466 Periodicals Outside County Key 1467 Standard Regular Key 1468 not used 1469 Surface Visibility Hwy 1470 not used 1471 Amtrak Rail 1472 not used		901 Witness Meehan, USPS-T-9; Worksheet A, Factor Report 903 Witness Meehan, USPS-T-9; Worksheet A, Factor Report 906 Witness Meehan, USPS-T-9; Worksheet A, Factor Report 910 Witness Meehan, USPS-T-9; Worksheet A, Factor Report 915 Witness Meehan, USPS-T-9; Worksheet A, Factor Report 916 Witness Meehan, USPS-T-9; Worksheet A, Factor Report 931 Witness Meehan, USPS-T-9; Worksheet A, Factor Report 939 Witness Meehan, USPS-T-9; Worksheet A, Factor Report 942 Witness Meehan, USPS-T-9; Worksheet A, Factor Report 971 Witness Meehan, USPS-T-9; Worksheet A, Factor Report 983 Witness Meehan, USPS-T-9; Worksheet A, Factor Report 984 Witness Meehan, USPS-T-9; Worksheet A, Factor Report USPS-LR-K-121 Witness Van-Ty-Smith, USPS-T-11; USPS-LR-K-55, Part 7 Witness Van-Ty-Smith, USPS-T-11; USPS-LR-K-55, Part 7 Witness Van-Ty-Smith, USPS-T-11; USPS-LR-K-55, Part 7 Witness Van-Ty-Smith, USPS-T-11; USPS-LR-K-55, Part 7 Witness Van-Ty-Smith, USPS-T-11; USPS-LR-K-55, Part 7 Witness Van-Ty-Smith, USPS-T-11; USPS-LR-K-55, Part 7 Only Periodicals Outside County: mail class number 117 Only Standard Regular: mail class number 127 Witness Meehan, USPS-T-9; Worksheet B, CS14 Witness Nash, USPS-T-17; USPS-LR-K-38, Table 110	

G1-1

RESPONSE OF POSTAL SERVICE WITNESS WATERBURY TO
POIR NO. 2, QUESTION 13

13. USPS-T-10, Appendix D is a listing of components and a comparison of the cost effects affecting each of the components in the roll forward for both the USPS version and the PRC version. However, the cost reduction and other programs distribution key components, noted in Appendix G of USPS-T-10, are not included in this list. In prior rate filings, these types of distribution keys have usually received a mail volume effect in the roll forward. (See USPS LR-J-5, RF Model Documentation Reports or USPS LR-J-4, file name VBL2). Discuss any reasons for omitting this adjustment. Please provide a revised version of USPS-T-10, Appendix D which includes the cost reduction and other programs distribution keys components listed in Appendix G.

RESPONSE:

The cost reductions and other programs distribution key components, noted in Appendix G of USPS-T-10, do receive a mail volume effect in the roll forward. See USPS-LR-K-6, Roll Forward Model and Data Files; pages 10 and 11 of Sections 2, 3, and 4.

A revised version of USPS-T-10 Appendix D which includes the cost reductions and other programs distribution key components listed in Appendix G is attached. Errata to Appendix D reflecting this attachment will be filed subsequently.

R2005-1

Roll Forward Effects Lists Input Comparison, USPS vs. PRC R2005-1

USPS-T-10
Appendix D
Revised 4/29/2005

Row Seq.	Component Number	Component Title	Cost Level USPS	Cost Level PRC	Mail Volume USPS	Mail Volume PRC	Distribution Key USPS	Distribution Key PRC	Non-Volume Workload USPS	Non-Volume Workload PRC	Additional Workday USPS	Additional Workday PRC
1	0001	Postmasters EAS 23 & Below	X	X	V	V			A	A	199	199
2	0002	Postmasters EAS 24 & Above	X	X								
3	0004	Supv - Mail Processing	X	X	I	I	0035	0035	I	I	I	I
4	0007	Supv - Window Service	X	X	I	I	0040	0040	I	I	I	I
5	0009	Supervision of Time & Attend and Admin Support	X	X			0525	0525				
6	0013	Supv - City Deliv - Office	X	X	I	I	0606	0606	I	I	I	I
7	0014	Supv - City Deliv - Delivery Activities	X	X	I	I	0046	0046	I	I	I	I
8	0017	Supv - City Deliv - Other Support	X	X	I	I	0522	0522	I	I	I	I
9	0018	Supv - City Deliv - Network Travel	X	X	I	I	0054	0054	I	I	I	I
10	0015	Supv - City Deliv - Other Load (PRC)	X ¹	X	I ¹	I	0692	0692	I ¹	I ¹	I ¹	I ¹
11	0016	Supv - City Deliv - Access (PRC)	X ¹	X	I ¹	I	0048	0048	I ¹	I ¹	I ¹	I ¹
12	0660	Supv - City Deliv - SCS Access (PRC)	X ¹	X	I ¹	I	0683	0683	I ¹	I ¹	I ¹	I ¹
13	0029	Other Supervisors & Technicians	X	X	I ¹	I ¹	0525	0525	I	I	I	I
14	0030	Employee & Labor Relations Techs	X	X	I ¹	I ¹	0294	0294	I	I	I	I
15	0031	Higher Level Supervisors	X	X	I ¹	I ¹	0035	0035	I	I	I	I
16	0032	General Supv of Mail Processing	X	X	I	I	0523	0523	I	I	I	I
17	0601	General Supv of Collection & Deliv	X	X	I ¹	I ¹	0602	0602	I	I	I	I
18	0674	Supv - Training	X	X	I	I	0072	0072	I	I	I	I
19	0675	Supv - Rural Delivery Carriers	X	X	I	I	0057	0057	I	I	I	I
20	0676	Supv - Vehicle Service	X	X	I ¹	I ¹	0295	0295	I	I	I	I
21	0677	Supv - Quality Control/Rev Protect	X	X	V	V						
22	0678	Joint Supv - Central Mail Mark-up	X	X	I	I						
23	0033	Product Specific and Other Supv & Tech Activities	X	X	I	I	0694	0694	I	I	I	I
24	0035	Mail Processing	X	X	V	V					199	199
25	0040	Window Service	X	X	V	V					199	199
26	0066	Administrative Support & Miscellaneous	X	X	V	V					199	199
27	0421	Claims & Inquiry	X	X	V	V					199	199
28	0422	Data Collection	X	X	I	I	0294	0294	I	I	I	I
29	0423	General Office & Clerical	X	X	I	I	0295	0295	I	I	I	I
30	0423	Quality Control	X	X	I	I	0466	0466	I	I	I	I
31	0467	Training - Schemes	X	X	V	V						
32	0468	Training - Mail Processing - Non-Parcels	X	X	V	V						
33	0469	Training - Mail Processing - Parcels	X	X	V	V						
34	0470	Training - Other	X	X	I	I	0473	0473	I	I	I	I
35	0041	Other Clerk & Mailhandler Activities	X	X	V	V					199	199
36	0227	Product Specific Admin	X	X							199	A ²
37	0228	Time & Attend and Admin Support	X	X	I ¹	I	0525	0525	I	I	I	I
38	0042	Clerks CAG K Offices	X	X	V	V					199	199

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R2005-1

Roll Forward Effects Lists Input Comparison USPS vs PRC R2005-1

USPS-T-10
Appendix D
Revised 4/29/2005

Row Seq	Component Number	USPS Component Title	Cost Level USPS	Cost Level PRC	Mail Volume USPS	Mail Volume PRC	Distribution Key USPS	Distribution Key PRC	Non-Volume Workload USPS	Non-Volume Workload PRC	Additional Workday USPS	Additional Workday PRC
38	0043	In-Office Direct Labor	X	X	V	V	0043	0043	I	I	199	199
39	0044	In-Office Support Overhead	X	X	I	I	0043	0043	I	I	I	I
40	0045	Carrier CAG K Offices	X	X	I	I	0506	0606	I	I	I	I
41	0604	In-Office Support Other (USPS Only)	X	na	I	na	3805	na	I	na	I	na
42	0047	Other Load (PRC)	X	X					199	199		
43	0048	Access (PRC)	X	X	M	M			A	A	199*	199
44	0049	St Support - Office (PRC)	X	X	I	I	0043	0043	I	I	I	I
45	0683	SCS Access (PRC)	X	X	M	M			A	A		
46	0610	SCS Load (PRC)	X	X	M	M			A	A		
47	0051	St Support - Other Load (PRC)	X	X	I	I	0047	0047	I	I	I	I
48	0052	St Support - Access (PRC)	X	X	I	I	0048	0048	I	I	I	I
49	0639	St Support - SCS Access (PRC)	X	X	I	I	0683	0683	I	I	I	I
50	0684	St Support - SCS Load (PRC)	X	X	I	I	0610	0610	I	I	I	I
51	0046	Delivery Activities (USPS) / Elemental Load (PRC)	X	X	V	V			199	199	199	199
52	0050	Delivery Activities Support (USPS) / St Support Elem Load (PRC)	X	X	I	I	0046	0046	I	I	I	I
53	0053	Network Travel Support (USPS) / St Support Route (PRC)	X	X	I	I	0054	0054	I	I	I	I
54	0054	Network Travel (USPS) / Route (PRC)	X	X	V	V			199	A	199	199
55	0057	Vehicle Service Drivers	X	X	V	V					199	199
56	0069	Evaluated Routes	X	X	V	V			199	199	199	199
57	0070	Other Routes	X	X	V	V			199	199	199	199
58	0073	Equipment Maintenance Allowance	X	X	V	V			199	199	199	199
59	0074	Cleaning & Protection Custodial Personnel	X	X					199	199	199	199
60	0075	Equipment & Building Personnel	X	X	V	V					199	199
61	0079	Plant & Building Equipment Maintenance	X	X					199	199	199	199
62	0081	Contract Cleaners	X	X					199	199	199	199
63	0084	MVS Personnel	X	X	I	I	0692	0692	I	I	I	I
64	0085	MVS Pers - City Deliv - Other Load (PRC)	X	X	I	I	0048	0048	I	I	I	I
65	0685	MVS Pers - City Deliv - Access (PRC)	X	X	I	I	0683	0683	I	I	I	I
66	0082	MVS Pers - City Deliv - SCS Access (PRC)	X	X	I	I	0606	0606	I	I	I	I
67	0083	MVS Pers - City Deliv - Office	X	X	I	I	0046	0046	I	I	I	I
68	0086	MVS Pers - City Deliv - Delivery Activities	X	X	I	I	0054	0054	I	I	I	I
69	0543	MVS Pers - City Deliv - Network Travel	X	X	V	V			199	199	199	199
70	0545	MVS Pers - Vehicle Service Drivers	X	X	I	I	0057	0057	I	I	I	I
71	0548	MVS Pers - Rural Delivery	X	X	I	I	0072	0072	I	I	I	I
72	0089	MVS Pers - Other	X	X					199	199	199	199

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R2005-1

Roll Forward Effects Lists Input Comparison: USPS vs PRC R2005-1

USPS-T-10
Appendix D
Revised 4-20-2005

Row Seq	Com- ponent Number	USPS Component Title	Cost Level USPS	Cost Level PRC	Mail Volume USPS	Mail Volume PRC	Distribu- tion Key USPS	Distribu- tion Key PRC	Non- Volume Workload USPS	Non- Volume Workload PRC	Additional Workday USPS	Additional Workday PRC
73	0093	MVS Supplies & Materials	X ¹	X	I ¹	I ¹	0692	0692	I ¹	I ¹	I ¹	I ¹
74	0094	MVS Supp & Mat - City Deliv - Other Load (PRC)	X ¹	X	I ¹	I ¹	0048	0048	I ¹	I ¹	I ¹	I ¹
75	0095	MVS Supp & Mat - City Deliv - Access (PRC)	X ¹	X	I ¹	I ¹	0683	0683	I ¹	I ¹	I ¹	I ¹
76	0096	MVS Supp & Mat - City Deliv - SCS Access (PRC)	X ¹	X	I ¹	I ¹	0606	0606	I ¹	I ¹	I ¹	I ¹
77	0097	MVS Supp & Mat - City Deliv - Office	X ¹	X	I ¹	I ¹	0046	0046	I ¹	I ¹	I ¹	I ¹
78	0098	MVS Supp & Mat - City Deliv - Delivery Activities	X ¹	X	I ¹	I ¹	0054	0054	I ¹	I ¹	I ¹	I ¹
79	0099	MVS Supp & Mat - City Deliv - Network Travel	X ¹	X	I ¹	I ¹	0054	0054	I ¹	I ¹	I ¹	I ¹
80	0100	MVS Supp & Mat - City Deliv - Spec Purp Rtes	X ¹	X	I ¹	I ¹	0057	0057	I ¹	I ¹	I ¹	I ¹
81	0101	MVS Supp & Mat - Vehicle Service Drivers	X ¹	X	I ¹	I ¹	0072	0072	I ¹	I ¹	I ¹	I ¹
82	0102	MVS Supp & Mat - Other	X ¹	X	I ¹	I ¹			I ¹	I ¹	I ¹	I ¹
83	0103	Vehicle Hire	X ¹	X	I ¹	I ¹	0692	0692	I ¹	I ¹	I ¹	I ¹
84	0104	Veh Hire - City Deliv - Other Load (PRC)	X ¹	X	I ¹	I ¹	0048	0048	I ¹	I ¹	I ¹	I ¹
85	0105	Veh Hire - City Deliv - Access (PRC)	X ¹	X	I ¹	I ¹	0683	0683	I ¹	I ¹	I ¹	I ¹
86	0106	Veh Hire - City Deliv - SCS Access (PRC)	X ¹	X	I ¹	I ¹	0606	0606	I ¹	I ¹	I ¹	I ¹
87	0107	Veh Hire - City Deliv - Office	X ¹	X	I ¹	I ¹	0046	0046	I ¹	I ¹	I ¹	I ¹
88	0108	Veh Hire - City Deliv - Delivery Activities	X ¹	X	I ¹	I ¹	0054	0054	I ¹	I ¹	I ¹	I ¹
89	0109	Veh Hire - City Deliv - Network Travel	X ¹	X	I ¹	I ¹	0057	0057	I ¹	I ¹	I ¹	I ¹
90	0110	Veh Hire - Vehicle Service Drivers	X ¹	X	I ¹	I ¹			I ¹	I ¹	I ¹	I ¹
91	0111	Salaries, Fringe Benefits & Travel	X ¹	X	I ¹	I ¹			I ¹	I ¹	I ¹	I ¹
92	0112	Mail Equipment Shops Personnel	X ¹	X	I ¹	I ¹			I ¹	I ¹	I ¹	I ¹
93	0113	Contract Stations	X ¹	X	I ¹	I ¹			I ¹	I ¹	I ¹	I ¹
94	0114	GAG L Rental Allowance	X ¹	X	I ¹	I ¹			I ¹	I ¹	I ¹	I ¹
95	0115	Facilities & Purchasing Field Units Pers	X ¹	X	I ¹	I ¹			I ¹	I ¹	I ¹	I ¹
96	0116	Tolls and Ferrage	X ¹	X	I ¹	I ¹			I ¹	I ¹	I ¹	I ¹
97	0117	Employee Awards	X ¹	X	I ¹	I ¹			I ¹	I ¹	I ¹	I ¹
98	0118	Mail Equipment Shops	X ¹	X	I ¹	I ¹			I ¹	I ¹	I ¹	I ¹
99	0119	Freight on Materials & Supplies	X ¹	X	I ¹	I ¹			I ¹	I ¹	I ¹	I ¹
100	0120	Federal Reserve & Commercial Banks	X ¹	X	I ¹	I ¹			I ¹	I ¹	I ¹	I ¹
101	0121	Federal Reserve & Commercial Banks	X ¹	X	I ¹	I ¹			I ¹	I ¹	I ¹	I ¹
102	0122	Carfare	X ¹	X	I ¹	I ¹			I ¹	I ¹	I ¹	I ¹
103	0123	Carfare - City Deliv - Other Load (PRC)	X ¹	X	I ¹	I ¹	0692	0692	I ¹	I ¹	I ¹	I ¹
104	0124	Carfare - City Deliv - Access (PRC)	X ¹	X	I ¹	I ¹	0048	0048	I ¹	I ¹	I ¹	I ¹
105	0125	Carfare - City Deliv - SCS Access (PRC)	X ¹	X	I ¹	I ¹	0683	0683	I ¹	I ¹	I ¹	I ¹
106	0126	Carfare - City Deliv - Office	X ¹	X	I ¹	I ¹	0606	0606	I ¹	I ¹	I ¹	I ¹
107	0127	Carfare - City Deliv - Delivery Activities	X ¹	X	I ¹	I ¹	0046	0046	I ¹	I ¹	I ¹	I ¹
108	0128	Carfare - City Deliv - Network Travel	X ¹	X	I ¹	I ¹	0054	0054	I ¹	I ¹	I ¹	I ¹
109	0129	Carfare - Other	X ¹	X	I ¹	I ¹			I ¹	I ¹	I ¹	I ¹
110	0130	Driveout - City Delivery	X ¹	X	I ¹	I ¹	0692	0692	I ¹	I ¹	I ¹	I ¹
111	0131	Driveout - City Deliv - Other Load (PRC)	X ¹	X	I ¹	I ¹	0048	0048	I ¹	I ¹	I ¹	I ¹
112	0132	Driveout - City Deliv - Access (PRC)	X ¹	X	I ¹	I ¹	0683	0683	I ¹	I ¹	I ¹	I ¹
113	0133	Driveout - City Deliv - SCS Access (PRC)	X ¹	X	I ¹	I ¹	0606	0606	I ¹	I ¹	I ¹	I ¹
114	0134	Driveout - City Deliv - Office	X ¹	X	I ¹	I ¹	0046	0046	I ¹	I ¹	I ¹	I ¹
115	0135	Driveout - City Deliv - Delivery Activities	X ¹	X	I ¹	I ¹	0054	0054	I ¹	I ¹	I ¹	I ¹
116	0136	Driveout - City Deliv - Network Travel	X ¹	X	I ¹	I ¹			I ¹	I ¹	I ¹	I ¹
117	0137	Driveout - Other	X ¹	X	I ¹	I ¹			I ¹	I ¹	I ¹	I ¹
118	0138	Driveout - City Delivery	X ¹	X	I ¹	I ¹	0692	0692	I ¹	I ¹	I ¹	I ¹
119	0139	Driveout - City Deliv - Other Load (PRC)	X ¹	X	I ¹	I ¹	0048	0048	I ¹	I ¹	I ¹	I ¹
120	0140	Driveout - City Deliv - Access (PRC)	X ¹	X	I ¹	I ¹	0683	0683	I ¹	I ¹	I ¹	I ¹
121	0141	Driveout - City Deliv - SCS Access (PRC)	X ¹	X	I ¹	I ¹	0606	0606	I ¹	I ¹	I ¹	I ¹
122	0142	Driveout - City Deliv - Office	X ¹	X	I ¹	I ¹	0046	0046	I ¹	I ¹	I ¹	I ¹
123	0143	Driveout - City Deliv - Delivery Activities	X ¹	X	I ¹	I ¹	0054	0054	I ¹	I ¹	I ¹	I ¹
124	0144	Driveout - City Deliv - Network Travel	X ¹	X	I ¹	I ¹			I ¹	I ¹	I ¹	I ¹

D-3

Row	Component	USPS Component Title	Cost Level	Cost Level	Mail Volume	Mail Volume	Mail Volume	Distribution Key	Distribution Key	Non-Volume	Non-Volume	Additional Workday	Additional Workday	Additional PRC
112		0142 Domestic Air	X	X	V	V						199		
113		0681 Domestic Alaska Air	X	X	V	V						199		
114		0143 Highway	X	X	V	V						199		
115		0144 Railroad	X	X	V	V						199		
116		0145 Domestic Water	X	X	V	V						199		
117		0146 International	X	X	V	V						199		
118		1438 Settlement Transactions (SDR's)	X	X	V	V								
119		Reals												
120		0165 Rents	X	X								199		
121		0234 Product Specific Rents	X	X								A		
122		0166 Fuel	X	X								199		
123		0167 Utilities	X	X								199		
124		0168 Communications	X	X								199		
125		0169 Building Projects Expensed	X	X								199		
126		0170 Moving Expense	X	X										
127		0171 Reimburse for Bldg Costs Oth Than Rent	X	X										
128		Supply Personnel & Equipment	X	X										
129		0173 Supply Personnel	X	X								199		
130		0174 ADP Supplies & Services	X	X								199		
131		0175 Repair & Maint of Equip Except ADP & Vehicles	X	X								199		
131		0176 Custodial Supplies & Services	X	X								199		
132		0179 Printing & Reproduction	X	X										
133		0180 Stamps & Dispensers	X	X										
134		0181 Money Orders	X	X										
135		0248 Stamped Cards & Embossed Stamped Envelopes	X	X										
136		0182 Inventory Adjustment	X	X										
137		0184 Equipment	X	X								199		
138		0187 Expended Mail Supplies & Services	X	X	V	V								
139		0196 Tracking & Tracing												
140		1426 Remote Encoding Supplies & Services	X	X										
141		0177 Misc Postal Supplies & Services	X	X								I		
142		0197 Product Specific Supplies & Services	X	X								I		
143		0189 Reimbursements for Supplies & Services	X	X										
144		0246 Advertising												
145		0130 Research & Development												

Row Seq	Component Number	USPS Component Title	Cost Level USPS	Cost Level PRC	Mails Volume USPS	Mails Volume PRC	Distribution Key USPS	Distribution Key PRC	Non-Volume Workload USPS	Non-Volume Workload PRC	Additional Workday USPS	Additional Workday PRC
146		Administration Personnel Costs										
147	0191	Headquarters	X	X							199	A ²
148	0192	Money Order Division	X	X							199	A ²
149	0193	Area Administration	X	X							199	199
149	0194	USPS Security Force	X	X					199	199	199	199
150	0195	Inspection Service Field Support	X	X							199	199
151		Service-wide Personnel Costs										
151	0199	Replaced Annual Leave			IM ¹	IM ¹	0526	0526	IM	IM	IM	IM
152	0200	Holiday Leave Variance			IM ¹	IM ¹	0526	0526	IM	IM	IM	IM
153	0201	CS Retirement Supplemental Liability (1)										
154	0202	CS Retirement Supplemental Liability (2)										
155	0064	FERS Retirement Fund Deficit										
156	0208	Retiree Health Benefits										
157	0071	Annuitant Life Insurance										
158	1435	CS Retirement Reform Escrow (PY 2006)										
159	0204	Workers' Comp Current Liability										
160	0205	Workers' Comp Prior Year										
161	0241	Unemployment Compensation										
162	0541	Workers' Comp PO Dept Liability										
163	0895	OWCP Health Benefits										
164		Administration Support	X	X								
165	0210	HQ & Area Supplies & Services										
166	0211	HQ & Area Misc Support										
167	0121	Inspection Expenses & Employee Losses	X	X								
167	0207	Annuity Protection Program										
168	0213	Misc Reimbursements for HQ & Area	X	X								
169	0244	Commissions on Non-US Money Orders	X	X								
170	1429	Individual Awards	X	X								
171	1430	Misc Personnel Compensation	X	X								
172		CS 19 General Management System										
172	0219	Maintenance Technical Support Center	X	X							199	199
173	0220	Training Contracts Supplies & Services	X	X								
174		City Delivery Vehicle Depreciation										
174	0223	Vehicle Depr - City Deliv - Other Load (PRC)										
175	0224	Vehicle Depr - City Deliv - Access (PRC)										
176	0691	Vehicle Depr - City Deliv - SCS Access (PRC)										
177	0221	Vehicle Depr - City Deliv - Office										
178	0222	Vehicle Depr - City Deliv - Delivery Activities										
179	0225	Vehicle Depr - City Deliv - Network Travel										
180		Other Vehicle Depreciation										
180	0581	Vehicle Depr - Vehicle Service Drivers										
181	0582	Vehicle Depr - Rural Delivery										
182	0230	Vehicle Depr - Other										

Row Seq.	Com- ponent Number	USPS Component Title	Cost Level USPS	Cost Level PRC	Mail Volume USPS	Mail Volume PRC	Distribu- tion Key USPS	Distribu- tion Key PRC	Non- Volume Workload USPS	Non- Volume Workload PRC	Additional Workday USPS	Additional Workday PRC
		<u>Equipment Depreciation</u>										
183	0232	Equipment Depreciation										
184	0233	Product Specific Equipment Depreciation										
		<u>Building & Leasehold Depreciation</u>										
185	0236	Depreciation - Building										
186	0237	Depreciation - Leasehold										
187	0247	Product Specific Depreciation - Leasehold										
188	0730	Building & Leasehold Adjustment										
		<u>Interest Expense</u>										
189	0587	Interest Land / Building Veh & Equip										
190	0729	Interest Adjustment										
191	0899	Interest Special Assessments										
192	1436	Retirement Interest										
193	0896	Annuitant COLA / Interest										
194	1437	Other Interest										
		<u>Indemnities & Insurance Claim Write-offs</u>										
195	0239	Domestic Indemnities	X	X	V	V						
196	0240	International Indemnities	X	X	V	V						
197	0242	Insurance Claim Write-offs	X	X								
		<u>Other Operating Expenses</u>										
198	0245	Other Expenses										
199	0249	Reimbursements & Miscellaneous										

Roll Forward Effects Lists Input Comparison USPS vs PRC R2005-1

R2005-1

Row Seq	Com- ponent Number	USPS Component Title	Cost Level USPS	Cost Level PRC	Mail Volume USPS	Mail Volume PRC	Distribu- tion Key USPS	Distribu- tion Key PRC	Non- Volume Workload USPS	Non- Volume Workload PRC	Additional Workday USPS	Additional Workday PRC
		<u>Distribution Keys</u>										
		<u>Space and Rental Value Keys</u>										
200	0901	Delivery BCS - Carrier Sequence BCS										
201	0902	Mail Processing BCS			V	V						
202	0903	OCRs (including BCS on OCRs)			V	V						
203	0904	FSM 881 - SPFSM - Other			V	V						
204	0905	FSM 1000			V	V						
205	0906	AFMS 100			V	V						
206	0907	LSM, MPLSM & SPLSM with BCR			V	V						
207	0908	Mechanical Sort - Sack Outside			V	V						
208	0909	Mechanized Parcels			V	V						
209	0910	SPBS - Non-Priority & Priority			V	V						
210	0911	Manual Flats			V	V						
211	0912	Manual Letters			V	V						
212	0913	Manual Parcels			V	V						
213	0914	Manual Priority			V	V						
214	0915	LDC 15 - RBCS			V	V						
215	0916	Air Contract Data Collection Systems / Scan Where You Band			V	V						
216	0917	Bulk Presort			V	V						
217	0918	Cancellation & Mail Preparation - Metered			V	V						
218	0919	Manual Sort - Sack Outside			V	V						
219	0920	Opening Unit - Preferred Mail			V	V						
220	0921	Opening Unit - BBM			V	V						
221	0922	Platform			V	V						
222	0923	Pouching Operations			V	V						
223	0924	Business Reply / Postage Due			V	V						
224	0925	Damaged Parcel Rewrap			V	V						
225	0926	Empty Equipment			V	V						
226	0927	Priority Mail Processing Centers			V	V						
227	0928	Express Mail			V	V						
228	0929	Mail Processing Support/Miscellaneous Activity			V	V						
229	0930	Registry			V	V						
230	0931	International / ISCs			V	V						
231	0932	LDC 41 - Unit Distribution - Automated			V	V						
232	0933	LDC 42 - Unit Distribution - Mechanized			V	V						
233	0934	LDC 43 - Unit Distrib. Manual / LDC 44 - PO Box Distrib.			V	V						
234	0935	LDC 48 - Customer Service / Express			V	V						
235	0936	LDC 48 - Customer Service / Admin. & Other			V	V						
236	0937	LDC 48 - Customer Service / Special Services			V	V						
237	0938	LDC 49 - Computerized Forwarding System			V	V						
238	0939	LDC 79 - Mailing Reqs. & Bus. Mail Entry			V	V						
239	0940	BMC - Platform			V	V						
240	0941	BMC - Allied Labor & All Other Mail Processing			V	V						
241	0942	BMC - Parcel Sorting Machine			V	V						
242	0943	BMC - Sack Sorting Machine			V	V						
243	0944	BMC - SPBS & Irregular Parcels (IPP & 115)			V	V						
244	0945	BMC - Non-Machinable Outside (NMO)			V	V						

Seq.	Row Number	Com- ponent	USPS Component Title	Cost Level USPS	Cost Level PRC	Mail Volume USPS	Mail Volume PRC	Distribu- tion Key USPS	Distribu- tion Key PRC	Non- Volume Workload USPS	Non- Volume Workload PRC	Additional Workday USPS	Additional Workday PRC
245	0946	Non-MODS - Allied											
246	0947	Non-MODS - Automated/Mechanized											
247	0948	Non-MODS - Express Mail											
248	0949	Non-MODS - Manual Flat											
249	0950	Non-MODS - Manual Letter											
250	0951	Non-MODS - Manual Parcel											
251	0952	Non-MODS - Registry											
252	0953	Non-MODS - Miscellaneous											
253	0954	Window Service											
254	0955	Self-Service Postal Center											
255	0956	Post Office Boxes / Caller Service											
256	0957	Claims & Inquiry											
257	0958	City Carrier											
258	0959	Rural Carrier											
259	0960	DUU Accountables Cage											
260	0961	Office Space											
261	0962	Mail Processing Equipment Maintenance											
262	0963	Other Equipment Maintenance											
263	0964	Employee Facilities											
264	0965	VMF											
265	0966	CVS											
266	0967	Vacant & Tenant											
267	0968	HQ, HQ-Field Related and Area Offices											
268	0969	Mail Transportation Equipment Centers											
269	0970	Storage Facilities											
270	0971	Mechanized Tray Sorter											
271	0972	Scan Where You Band (SWYB) - previously											
272	0973	Dispatch Unit											
273	0974	Flat Mail Preparation											
274	0975	Computer Forwarding System / CFS Flats (TY)											
275	0976	OCR											
276	0977	Mail Processing BCS											
277	0978	Delivery BCS											
278	0979	Carrier Sequence BCS											
279	0980	LSM / CFS Letters (TY)											
280	0981	FSM											
281	0982	Parcel Sorting & NMO Machines											
282	0983	Facer/Canceler - Letters											
283	0984	Facer/Canceler - Flats											
284	0985	Culling											
285	0986	Sack Sorting Machine											
286	0987	Small Parcel & Bundle Sorter											
287	0988	Remote Barcode System											
288	0989	ACDCS											
289	0990	Strapping											
290	0991	Powered Transport Equipment											
291	0992	General & Logistics - BMC											
292	0993	General & Logistics - Non-BMC											

Row	Seq. Number	Com- ponent	USPS Component Title	Cost Level	Cost Level	Mail Volume	Mail Volume	Mail Volume	Distribu- tion Key	Distribu- tion Key	Non- Workload	Non- Workload	Additional Workload	Additional Workload	PRC
293	0996	Other Dist Key--Mail Processing Letters/Flats	Mail Processing Training Keys												
294	0997	Other Dist Key--Mail Processing Parcels													
295	0998	Other Dist Key--Mail Processing Other	Other Distribution Keys												
296	0507	GDE Init Volume Adj Key													
297	0153	Admin Clerks PC Key													
298	0578	Dist Key: City Carriers Spec Purpose Hie													
299	1258	Mail Proc Maint Labor Key													
300	0514	Total Pounds													
301	0516	Total Cubic Feet	Rollforward-Only Keys												
302	1418	not used													
303	1419	not used													
304	1420	not used													
305	1439	not used													
306	1440	Delivery BCS Carrier Sequence BCS													
307	1441	OCRs (including BCS on OCRs)													
308	1442	AFMS 100													
309	1443	SPBS - Non-Priority & Priority													
310	1444	LDC 15 - RBCS													
311	1445	Cancellation & Mail Preparation - Metered													
312	1446	International / ISCs													
313	1447	LDC 79 - Mailing Regs & Bus Mail Entry													
314	1448	BMC - Parcel Sorting Machine													
315	1449	not used													
316	1450	Mechanized Tray Sorter													
317	1451	not used													
318	1452	not used													
319	1453	Facem/Canceler - Letters													
320	1454	Facem/Canceler - Flats													
321	1455	not used													
322	1456	Automated Postal Centers (APCs)													
323	1457	Allied Labor													
324	1458	CFS Letters													
325	1459	CFS Flats													
326	1460	not used													
327	1461	BPI Function 1 Mail Proc Op													
328	1462	not used													
329	1463	not used													
330	1464	BPI Function 4 Mail Proc													
331	1465	not used													
332	1466	Periodicals Outside County Key													
333	1467	Standard Regular Key													
334	1468	not used													
335	1469	Surface Visibility Hwy													
336	1470	not used													
337	1471	Amttrak Rail													
338	1472	not used													

Row Seq	Component Number	USPS Component Title	Cost Level USPS	Cost Level PRC	Mail Volume USPS	Mail Volume PRC	Distribu- tion Key USPS	Distribu- tion Key PRC	Non- Volume Workload USPS	Non- Volume Workload PRC	Additional Workday USPS	Additional Workday PRC
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NOTES

1. All components named Delivery Activities in the USPS are named Elemental Load in PRC
2. All components named Network Travel in USPS are named Route in PRC
3. 1 Indicates 0 cost in this component or, so application of effect is meaningless
4. A USPS version will contain only institutional costs (199) in this component
5. PRC version may contain product specific costs in this component
6. Distribution key definition corrected to match CRA definition

KEY

X	Component gets this effect
V	Mail Volume effect
M	Volume Mix effect
I	Indirect (piggyback) effect
IM	Indirect mix effect
A	Effect given applies to all classes
199	Effect given applies to class 199 (institutional costs) only
Z	Zero-based component

RESPONSE OF POSTAL SERVICE WITNESS WATERBURY TO
POIR NO. 2, QUESTION 14

14. The USPS Roll Forward Model User's Manual at 35 discusses the operation of a "Distribution Key Loader" which is used to insert the distribution keys specific to the roll forward operation. However, the file, "RFLoader.xls", does not appear to be included in the Library References filed containing all of the other roll forward model worksheets and programs. Please provide the "Distribution Key Loader" as described in the USPS Roll Forward User's Manual.

RESPONSE:

The distribution key loader file, also referred to as "RFLoader," is included in USPS-LR-K-122 as file "RFLoader.R2005_USPS_PostFiling.xls."

USPS-LR-K-122

DISTRIBUTION KEY LOADER FOR ROLL FORWARD MODEL

This is a Category 4 library reference provided by witness Waterbury (USPS-T-10) in response to Presiding Officer's Information Request No. 2 (POIR No. 2). Item number 14 of POIR No. 2 requested that the Postal Service provide the distribution key loader file used to populate the base year input matrix with roll forward distribution keys. This library reference contains the requested electronic file.

Postal Rate Commission
Submitted 4/8/2005 10:55 am
Filing ID: 43419
Accepted 4/8/2005

USPS-T-10

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

Postal Rate and Fee Changes
Pursuant to Public Law 108-18

Docket No. R2005-1

DIRECT TESTIMONY OF
LILLIAN WATERBURY
ON BEHALF OF
UNITED STATES POSTAL SERVICE

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EXHIBITS

APPENDICES

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A. Roll Forward Model Factors	USPS-10A
B. Mail Volume Forecasts	USPS-10B
C. Final Adjustments	USPS-10C
D. "C" Report, Cost Segments & Components, Fiscal Year 2005	USPS-10D
E. "D" Report, Final Adjustments, Fiscal Year 2005	USPS-10E
F. "C" Report, Cost Segments & Components, Test Year 2006 Before Rates	USPS-10F
G. "D" Report, Final Adjustments, Test Year 2006 Before Rates	USPS-10G
H. "C" Report, Cost Segments & Components, Test Year 2006 After Rates	USPS-10H
I. "D" Report, Final Adjustments, Test Year 2006 After Rates	USPS-10I

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LIST OF ASSOCIATED
LIBRARY REFERENCES

The following library references are provided by the roll forward witness, and are associated, in whole or in part, with this testimony. I am sponsoring the library references that bear my name.

USPS-LR-K-6	Roll Forward Model and Data Files (Waterbury)
USPS-LR-K-7	Roll Forward Workpapers (CD-ROM) (Waterbury)
USPS-LR-K-8	Witness Waterbury's Spreadsheets for Appendices and Exhibits (Diskette) (Waterbury)
USPS-LR-K-25	Roll Forward Model <u>Excel/Visual Basic</u> Documentation
USPS-LR-K-58	Estimated Functional Accrued Costs by Subfunctions and Cost Categories (Waterbury)

In addition, the following library references are provided by other witnesses (names in parentheses), and are associated, in whole or in part, with this testimony.

USPS-LR-K-4	Base Year 2004 CRA Model, Data Files, and Reports (Meehan)
USPS-LR-K-5	Witness Meehan's A and B Workpapers and Exhibits A, B, and C (CD-ROM) (Meehan)
USPS-LR-K-49	Explanation of Cost Reductions and Other Programs (Tayman)
USPS-LR-K-50	Roll Forward Expense Factors (Tayman)
USPS-LR-K-61	Fiscal Year/Base Year 2004 CRA Model and Data Files (COBOL)
USPS-LR-K-66	Volume Forecasting Materials (Thress)

LIST OF WORKPAPERS (WP)

Workpaper WP-A

Fiscal Year 2005

- Summary Tables and Change Reports

Cost Segment Summary Table

Component Summary Table

Cost Segment Change Report

Change Reports:

Table 1.	Base Year 2004 Costs
Table 2.	Cost Level Changes
Table 3.	Mail Volume Changes
Table 4.	Nonvolume Workload Changes
Table 5.	Additional Workday Changes
Table 6.	Cost Reduction Programs Changes
Table 7.	Other Programs Changes
Table 8.	Corporatewide Activities Changes
Table 9.	Servicewide Costs Changes
Table 10.	Fiscal Year 2005 Before Workyear Mix Adjustment
Table 11.	Workyear Mix Adjustment
Table 12.	Fiscal Year 2005 After Workyear Mix Adjustment

- Factor Report (including manual input factors)
- "B" Report (PESSA Detail)
- "C" Report (Cost Segments & Components Report) including PESSA
- "D" Report (Final Adjustments)

LIST OF WORKPAPERS (WP)
(continued)

Workpaper WP-B

Test Year 2006 (Before Rates)

- Summary Tables and Change Reports

Cost Segment Summary Table

Component Summary Table

Cost Segment Change Report

Change Reports:

Table 1. Fiscal Year 2005 After Workyear Mix Adjustment

Table 2. Cost Level Changes

Table 3. Mail Volume Changes

Table 4. Nonvolume Workload Changes

Table 5. Additional Workday Changes

Table 6. Cost Reduction Programs Changes

Table 7. Other Programs Changes

Table 8. Corporatewide Activities Changes

Table 9. Servicewide Costs Changes

Table 10. Test Year 2006 Before Workyear Mix
Adjustment (Before Rates)

Table 11. Workyear Mix Adjustment

Table 12. Test Year 2006 After Workyear Mix
Adjustment (Before Rates)

- Factor Report (including manual input factors)
- "B" Report (PESSA Detail)
- "C" Report (Cost Segments & Components Report) including PESSA
- "D" Report (Final Adjustments)

LIST OF WORKPAPERS (WP)
(continued)

Workpaper WP-C

Test Year 2006 (After Rates)

- Summary Tables and Change Reports

Cost Segment Summary Table

Component Summary Table

Cost Segment Change Report

Change Reports:

Table 1. Fiscal Year 2005 After Workyear Mix Adjustment

Table 2. Cost Level Changes

Table 3. Mail Volume Changes

Table 4. Nonvolume Workload Changes

Table 5. Additional Workday Changes

Table 6. Cost Reduction Programs Changes

Table 7. Other Programs Changes

Table 8. Corporatewide Activities Changes

Table 9. Servicewide Costs Changes

Table 10. Test Year 2006 Before Workyear Mix
Adjustment (After Rates)

Table 11. Workyear Mix Adjustment

Table 12. Test Year 2006 After Workyear Mix
Adjustment (After Rates)

- Factor Report (including manual input factors)
- "B" Report (PESSA Detail)
- "C" Report (Cost Segments & Components Report) including PESSA
- "D" Report (Final Adjustments)

DIRECT TESTIMONY
OF
LILLIAN WATERBURY

1 AUTOBIOGRAPHICAL SKETCH

2

3 My name is Lillian Waterbury. I am a financial analyst with the United
4 States Postal Service. I have been employed by the Postal Service since 1996
5 and have been working at Postal Service headquarters since 1999.

6 Prior to joining the Postal Service, I worked in the private sector for 20
7 years in the financial services industry in New York City, New York. I worked for
8 The Manhattan Life Insurance Company as an actuarial assistant; Security
9 Pacific International Bank as a programmer analyst; J. P. Morgan & Company,
10 Inc. as a vice president; and Askari, Inc. (a risk management consulting firm) as
11 a manager.

12 I hold a bachelor's of science degree with high honors from The State
13 University of New York, with a dual major in mathematics and statistics and a
14 minor in computer science. In addition, I have a graduate certificate in "Leading
15 and Managing Change" from Marymount University.

16

1 PURPOSE AND SCOPE OF TESTIMONY

2
3 The purpose of this testimony is to describe the procedures used to develop
4 estimates of projected Postal Service costs. The main focus of the revenue
5 requirement and roll forward consists of estimating the costs of operating the
6 Postal Service in the test year, which for this rate case is Test Year 2006.

7 Estimating the Postal Service's costs in the test year is accomplished by first,
8 identifying and quantifying costs in the base year, which for this rate case is Base
9 Year 2004; then, projecting or "rolling forward" costs for the interim year(s) and
10 the test year at current rates; and finally, adjusting test year cost estimates for
11 the volume effects of introducing proposed rate changes in that year.

12 Estimates of projected costs will be developed at current rates for Fiscal Year
13 2005 (interim year) and at current and proposed rates for Test Year 2006. The
14 discussion begins with the methodology used to project Base Year 2004 costs to
15 Fiscal Year 2005, and continues with the projection from Fiscal Year 2005 to
16 Test Year 2006, at both current and proposed rates. As appropriate, this
17 testimony summarizes the cost development and provides references to other
18 sources for a more thorough discussion.

19 This testimony is divided into five sections. The initial section (Section I) is a
20 presentation of the steps used in the roll forward model to project base year
21 costs to the test year. The second section (Section II) is devoted to a detailed
22 explanation of how the steps outlined in the first section are applied to roll
23 forward Base Year 2004 costs to Fiscal Year 2005. The steps detailed in Section

1 II are generally applicable to the development of the costs in Sections III and IV.
2 Section III is a description of how the steps outlined in the first section are
3 applied to roll forward Fiscal Year 2005 to test year costs at current rates.
4 Section IV describes how the steps outlined in the first section are used to
5 develop test year costs at proposed rates. Following Section IV are exhibits and
6 appendices to aid in understanding the narrative outlined above.

7 My testimony presents no material methodological differences relative to
8 the methodology used by the Postal Rate Commission for roll forward purposes.
9 Rather, the differences between the USPS and PRC versions of the roll forward
10 relate to differences in inputs reflecting the difference in base year
11 methodologies.

12

Revised June 22, 2005

4

ROADMAP

The major sources of inputs into the roll forward model are obtained from the following witnesses:

Witness	Witness Number	Library References	Roll Forward Inputs Needed From
Tayman	USPS-T-6	USPS-LR-K-50 USPS-LR-K-49	Revenue Requirement / Roll Forward Model Factors Programs Costs / Savings Contingency Factor
Thress	USPS-T-7	USPS-LR-K-66	Volume Forecasts
Meehan	USPS-T-9	USPS-LR-K-4 USPS-LR-K-61	Base Year Costs Distribution Keys
Van-Ty-Smith	USPS-T-11	USPS-LR-K-55	Mail Processing Distribution Keys
Smith	USPS-T-13	USPS-LR-K-54	Capital, Space, and Rental Value Factors Programs Roll Forward Distribution Keys Programs Variability Factors
Nash	USPS-T-17	USPS-LR-K-36 USPS-LR-K-38	Amtrak Rail Distribution Key Alaska Air Factors
Page	USPS-T-23	USPS-LR-K-59	Final Adjustments

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5

In addition, the major outputs from the roll forward model are distributed to the following witnesses:

Witness	Witness Number	Library References	Roll Forward Outputs Used For
Tayman	USPS-T-6	USPS-LR-K-50	Workyear Mix Adjustment Interest on Debt Profit & Loss (P & L)
Smith	USPS-T-13	USPS-LR-K-52 USPS-LR-K-53	Piggybacks Cost by Shape
Kay	USPS-T-18	USPS-LR-K-72	Incremental Costs
Page	USPS-T-23	USPS-LR-K-59	Final Adjustments
Robinson	USPS-T-27	Not Applicable	Rates / Pricing

1 HIGHLIGHTS OF CHANGES

3 a. Roll Forward Model Systems Platform Change

5 Subsequent to the filing of the last rate case, R2001-1, the Postal Service's
6 existing roll forward model was converted and redesigned under a new systems
7 platform. The redesigned roll forward model replaces the COBOL-language
8 program model that was written more than two decades ago and which resides
9 on a mainframe computer. The new model is PC-based and is written in
10 Microsoft Excel and Visual Basic Application (VBA).

11 The redesigned model eliminates the use of "control strings" that drive the
12 arithmetic calculations in the COBOL-language model. Instead, it is replaced
13 with user friendly spreadsheets. Although the hardware and software systems
14 have changed, the computations are the same.

15 The new model also eliminates the need to have subroutines that round or
16 truncate numeric values. The new roll forward model in Excel successfully
17 replicated the results of the R2001-1 rate case with very close precision.

18 The cumulative effect of the systems platform change is relatively minor. For
19 example, using Test Year 2003 After Rates from the last rate case, the total
20 accrued cost would have changed by about \$69,000, or approximately .0001
21 percent. For every subclass, the change in Test Year After Rates volume
22 variable costs would have been less than one half of one percent. The results of
23 this exercise are shown in Appendix A (page A-1) of this testimony.

1 b. Roll Forward Model Refinements

2
3 Some updates were subsequently made to the Excel model. For example,
4 certain components that existed in the R2001-1 rate case but which are no
5 longer being used were taken out of the model.

6 Also, the redesigned roll forward model has brought to light certain
7 inconsistencies between the base year model and roll forward model which
8 require correction. The new roll forward model improves on the consistency and
9 clarity of the treatment of components from the base year to the roll forward
10 years that follow. The components that are mostly affected by this are the
11 components whose changes in costs vary indirectly with changes in volume, i.e.,
12 components whose costs are impacted by or "piggybacked" on other
13 components that have direct volume variable costs. For example, in the
14 R2001-1 rate case, some components whose costs varied indirectly with volume
15 were receiving, inadvertently, either (a) both a direct and an indirect cost change
16 effect, or receiving (b) no cost change effects at all.

17 Adjustments were made to the Excel model to account for these types of
18 housekeeping items, or "refinements," and they are illustrated in an input
19 comparison list by component in Appendix B of this testimony.

20 Using Test Year 2003 After Rates from R2001-1 as an example, the
21 cumulative effect of these adjustments would have increased total accrued cost
22 by about \$44.9 million dollars, or roughly one half of one-tenth percent. The
23 results of this exercise are shown in Appendix A (page A-2) of this testimony.

1 The methodologies used to calculate each roll forward model effect have
2 remained unchanged.

3 In addition, since these refinements would also affect the PRC version of the
4 roll forward model, input comparison lists for the PRC version are presented in
5 Appendices C and D of this testimony for illustration purposes only.

6
7 c. Other Programs Categories

8
9 The newly redesigned roll forward model breaks out the existing roll forward
10 effect known as "Other Programs" into three (3) distinct roll forward effect
11 categories. The three categories are 1) other programs, 2) corporatewide
12 activities, and 3) servicewide costs.

13 Other programs include the cost of specific Postal Service initiatives. Other
14 programs tend to have a life cycle as opposed to activities which tend to be non-
15 discretionary and ongoing. Corporatewide activities include the costs of
16 initiatives affecting headquarters and field service units. Examples of
17 corporatewide activities include advertising and expedited supplies. Servicewide
18 costs include costs which cannot be easily allocated below the national level.
19 Such costs include depreciation, interest, and servicewide personnel costs such
20 as workers' compensation, unemployment compensation, and annuitant health
21 benefits.

22

d. New component for Test Year 2006: Civil Service Retirement Reform
Escrow (FY2006)

For Test Year 2006, the cost for Civil Service Retirement Reform Escrow is assigned to component 1435. In previous years, this component number had been used for Annuitant COLA / Principal. This component is no longer active, and thus, was assigned the cost for Civil Service Retirement Reform Escrow as a matter of convenience. The cost treatment for Civil Service Retirement Reform Escrow is institutional and discussed in the testimony of witness Smith, USPS-T-13, Part 2.

I. Estimating Future Year Costs

Future year costs are estimated using the following process. Test year estimates of costs which are influenced by changes in mail or service volume, or volume variable costs, are developed by adjusting base year volume variable costs for the effect of (a) changes in cost level,¹ (b) changes in volumes by category of mail or service, (c) changes in the nonvolume workload, (d) cost reduction programs, (e) other programs, (f) corporatewide activities, and (g) servicewide costs, from the base year to the test year. Test year estimates of costs which are not influenced by changes in volume are developed by adjusting base year costs for the effect of (a) changes in cost level, (b) changes in the number of workdays, (c) cost reduction programs, (d) other programs, (e) corporatewide activities, and (g) servicewide costs, from the base year to the test year. The summation of the aforementioned changes is adjusted for the impact of the workyear mix adjustment each year. The workyear mix adjustment reflects the anticipated shifts in workload due to automation, and refined scheduling and hiring practices.

Estimates of each type of cost are developed for Test Year 2006 and the following paragraphs describe the steps employed to derive these cost estimates from Base Year 2004 accrued costs. The steps, while numerous, are simply the repetitive application of eleven basic steps. These eleven basic steps are: (1) the cost level adjustment, (2) the volume level adjustment, (3) the

¹ Changes in cost level refer to the changes in price level costs to the Postal Service, for example, changes in costs due to inflation.

1 nonvolume workload adjustment, (4) the additional workday adjustment, (5) the
2 cost reduction programs adjustment, (6) the other programs adjustment, (7) the
3 corporatewide activities adjustment, (8) the servicewide costs adjustment, (9)
4 the summation before the workyear mix adjustment, (10) the workyear mix
5 adjustment, and (11) the summation after the workyear mix adjustment.

6
7 A brief description of each of the steps to roll forward costs from Base Year
8 2004 to Test Year 2006 is as follows:

9 (1) Base Year 2004 costs are adjusted for changes in cost levels
10 between Base Year 2004 and Fiscal Year 2005;

11 (2) cost level-adjusted base year volume variable costs are adjusted for
12 the effects in volume changes between Base Year 2004 and Fiscal Year 2005;

13 (3) cost level-adjusted, volume-adjusted base year costs are adjusted
14 for changes in nonvolume workload between Base Year 2004 and Fiscal Year
15 2005;

16 (4) cost level-adjusted base year non-volume variable costs are
17 adjusted for the changes in the number of workdays between Base Year 2004
18 and Fiscal Year 2005;

19 (5) adjustments are made to realize the effect of cost reduction
20 programs between Base Year 2004 and Fiscal Year 2005;

21 (6) adjustments are made to realize the effect of other programs
22 between Base Year 2004 and Fiscal Year 2005;

1 (7) adjustments are made to realize the effect of corporatewide
2 activities between Base Year 2004 and Fiscal Year 2005;

3 (8) adjustments are made to realize the effect of servicewide costs
4 between Base Year 2004 and Fiscal Year 2005;

5 (9) estimated Fiscal Year 2005 accrued costs before the workyear mix
6 adjustment are the summation of all the cost changes developed in Steps (1)
7 through (8) above; and

8 (10) the estimated workyear mix adjustment is applied to the Fiscal Year
9 2005 accrued costs developed in step (9).

10 (11) Fiscal Year 2005 costs developed in step (9) are adjusted for
11 changes in cost levels between Fiscal Year 2005 and Test Year 2006;

12 (12) cost level-adjusted fiscal year volume variable costs are adjusted for
13 the effects in volume changes between Fiscal Year 2005 and Test Year 2006;

14 (13) cost level-adjusted, volume-adjusted fiscal year costs are adjusted
15 for changes in nonvolume workload between Fiscal Year 2005 and Test Year
16 2006;

17 (14) cost level-adjusted fiscal year non-volume variable costs are
18 adjusted for the changes in the number of workdays between Fiscal Year 2005
19 and Test Year 2006;

20 (15) adjustments are made to realize the effect of cost reduction
21 programs between Fiscal Year 2005 and Test Year 2006;

22 (16) adjustments are made to realize the effect of other programs
23 between Fiscal Year 2005 and Test Year 2006;

1 (17) adjustments are made to realize the effect of corporatewide
2 activities between Fiscal Year 2005 and Test Year 2006;

3 (18) adjustments are made to realize the effect of servicewide costs
4 between Fiscal Year 2005 and Test Year 2006;

5 (19) estimated Test Year 2006 accrued costs before the workyear mix
6 adjustment are the summation of all the cost changes developed in steps (11)
7 through (18) above; and

8 (20) the estimated workyear mix adjustment is applied to Test Year 2006
9 accrued costs developed in step (19).

10

1 II. Development of Fiscal Year 2005 Cost Estimates

2
3 A. Base Year 2004 Accrued Costs

4
5 This section is a detailed description of the development of the Fiscal Year
6 2005 costs using steps (1) - (10) outlined in Section I. The Base Year 2004 cost
7 matrix for each segment and component is the initial roll forward input for Fiscal
8 Year 2005. These costs are shown in the Base Year workpapers (USPS-T-9,
9 WP-A, Table 2) or in the Fiscal Year 2005 cost segment workpapers (WP-A,
10 Table 1) associated with this testimony.

11
12 B. Cost Level Changes Between Base Year 2004 and Fiscal Year 2005

13
14 Cost level changes for each labor and non-labor cost category are calculated
15 as a ratio (i.e., a multiplicative factor) reflecting the cost level changes occurring
16 between Base Year 2004 and Fiscal Year 2005. These factors are developed in
17 USPS LR-K-50 and they are shown in Exhibit USPS-10A of this testimony.

18 Base Year 2004 accrued costs by class, subclass, and type of service for
19 each segment and component are adjusted by the appropriate cost level factors.
20 Changes in costs between Base Year 2004 and Fiscal Year 2005 due to changes
21 in price levels are presented in Table 2 of the Fiscal Year 2005 cost segment
22 workpapers (WP-A) associated with this testimony.

1 C. Mail Volume Changes Between Base Year 2004 and Fiscal Year 2005

2
3 Cost level-adjusted Base Year 2004 volume variable costs are adjusted for
4 the effect of changes in mail volume occurring between Base Year 2004 and
5 Fiscal Year 2005. A mail volume effect is given to components which have costs
6 in Base Year 2004 that vary directly with volume or that vary indirectly with
7 volume. A component that has costs in Base Year 2004 that vary directly with
8 volume will receive a direct mail volume adjustment. A component that has costs
9 in Base Year 2004 that vary indirectly with volume will receive an indirect mail
10 volume adjustment to the same degree the direct costs with which it varies are
11 identified and treated in the Base Year 2004 costs.

12 The volume factors used to develop these adjustments appear in the
13 testimony of witness Thress, USPS-T-7; these volume adjustment factors also
14 appear in Exhibit USPS-10B of this testimony. The effects of mail volume
15 changes between Base Year 2004 and Fiscal Year 2005 for each segment, by
16 class, subclass, and type of service are presented in Table 3 of the Fiscal Year
17 2005 cost segment workpapers (WP-A) associated with this testimony.

18 There are five types of volume variable costs. Each type receives a different
19 treatment relative to the determination of the effect of mail volume changes:

20
21 1. Costs that Vary Directly with Volume

22 Costs that vary directly with volume, i.e., direct costs, are adjusted in the
23 following manner: (a) a ratio is developed for each class, subclass, and type of
24 service by dividing the difference between Fiscal Year 2005 volume and Base
25 Year 2004 volume by the Base Year 2004 volume, and (b) the ratio representing

1 the volume change between Base Year 2004 and Fiscal Year 2005 is applied to
2 cost level-adjusted Base Year 2004 costs. The effect of the volume adjustment
3 is such that the unit variable costs remain unchanged relative to the volume
4 increase. For example, mail processing clerk and mailhandler (CAG A-J) costs
5 in cost segment 3, component 35, vary directly with volume.

6 7 2. Cost Distributions that Vary Directly with Volume

8 In some instances, a component may receive a volume "mix" effect which
9 adjusts costs for the change in mail mix but does not increase or decrease total
10 costs for that component. An example of such a component is city delivery
11 carrier access. The distribution of city delivery carrier access costs is piece
12 related. Consequently, a mail volume effect is reflected by a redistribution of the
13 costs among classes, subclasses, and types of service relative to the mail
14 volume changes.

15 The adjustment to Base Year 2004 costs for this change is developed in the
16 following manner: (a) cost level-adjusted Base Year 2004 costs are redistributed
17 in proportion to the mail volume changes expected in Fiscal Year 2005 for each
18 class, subclass, and type of service, and (b) the mail volume effect is calculated
19 as the difference between the cost redistribution developed in (a) and the costs
20 before redistribution.

21 22 3. Costs that Vary Indirectly with Volume

23 Variable costs that do not vary directly with volume but vary with factors that
24 are directly variable with volume, i.e., indirect costs, fall under this heading. For

1 each of these indirect costs, the direct costs or factors with which it varies are
2 identified and treated in the same manner as in the Base Year 2004 cost
3 presentation. For example, mail processing supervisor hours, component 4, are
4 indirectly variable with volume; they vary with the mail processing clerk and
5 mailhandler (CAG A-J) costs, component 35, as discussed in Part 1 of this
6 section.

7 The effect of mail volume changes on indirect costs is computed in the
8 following manner: (a) for each class, subclass, and type of service, a ratio is
9 calculated that quantifies the relationship between the mail volume change in the
10 direct cost and the cost level-adjusted base year direct cost, and (b) the ratio is
11 then applied to the cost level-adjusted indirect cost by class, subclass, and type
12 of service.

13

14 4. Costs that Vary with Both Direct and Indirect Costs

15 Costs such as those associated with time and attendance clerks, time and
16 attendance supervisors, or employee and labor relations technical personnel,
17 vary with other labor costs, both direct and indirect. For the purposes of the
18 discussion in this subsection, these costs are referred to as "mixed" costs. For
19 example, time and attendance clerks, component 228, vary with the direct costs
20 described in Part I and the indirect costs described in Part 3 of this section.

21 The mail volume effect on "mixed" costs is derived as follows: (a) the
22 appropriate cost level-adjusted Base Year 2004 labor costs from cost segments
23 1 through 12 are summed, (b) the mail volume effects associated with these
24 labor costs are summed, (c) the ratio of mail volume effects developed in (b) to

1 cost level-adjusted base year cost developed in (a) is calculated for each class,
2 subclass, and type of service, and (d) this ratio is then applied to the cost level-
3 adjusted base year costs by class, subclass, and type of service for the "mixed"
4 cost in question.

5
6 5. Cost Distributions that Vary Indirectly with Volume

7 Servicewide personnel costs have been developed and presented in USPS
8 LR-K-50. The mail volume effects developed in the workpapers associated with
9 this testimony consist of a redistribution of these costs among the classes,
10 subclasses, and services such that the relationship between these costs and
11 total labor costs is maintained.

12 The redistribution is accomplished by the following procedure: (a) cost level-
13 adjusted, volume-adjusted labor costs are accumulated by class, subclass, and
14 type of service, (b) the total of each cost level-adjusted servicewide personnel
15 cost is divided by the sum of the costs developed in (a), and (c) the result derived
16 in (b) is multiplied by the costs by mail category developed in (a).

17 The resulting redistribution includes the appropriate mail volume effect. In
18 this instance, the mail volume effect drives the distribution, not the level, of
19 indirect costs.

20
21 D. Nonvolume Workload Changes Between Base Year 2004 and
22 Fiscal Year 2005

23
24 Base Year 2004 costs restated to Fiscal Year 2005 cost levels and adjusted
25 for changes in mail volume are adjusted for changes in nonvolume workload

1 between Base Year 2004 and Fiscal Year 2005. A nonvolume workload effect
2 represents changes in the size of the delivery network that impact the Postal
3 Service's network infrastructure. For example, changes in the number of
4 possible delivery points represent changes in the size of the delivery network and
5 this impact is referred to as nonvolume workload.

6 Cost adjustments for changes in nonvolume workload between Base Year
7 2004 and Fiscal Year 2005 are accomplished by applying factors that express
8 these nonvolume workload changes to the appropriately adjusted Base Year
9 2004 costs. The factors are developed in USPS LR-K-50 and they also appear
10 in Exhibit USPS-10A of this testimony. Adjustments to the appropriately adjusted
11 Base Year 2004 costs that result from applying the nonvolume workload factors
12 are presented in Table 4 of the Fiscal Year 2005 cost segment workpapers (WP-
13 A) associated with this testimony.

14 Changes in costs that result from changes in nonvolume workload are
15 distributed to classes, subclasses, and types of service according to the Base
16 Year 2004 costs adjusted for changes in cost levels and mail volumes between
17 Base Year 2004 and Fiscal Year 2005. Indirect costs, as identified earlier in this
18 testimony, which vary with affected direct costs, receive proportional changes.

19 Primarily, changes in nonvolume workload affect city delivery carrier costs.
20 *For city delivery carriers, changes in delivery activities and changes in network*
21 *travel will tend to move in the same direction as changes in the number of*
22 *possible deliveries. That is, changes in possible deliveries between Base Year*
23 *2004 and Fiscal Year 2005 affect city delivery carriers' delivery activities costs*

and network travel costs. Base Year 2004 city delivery carrier costs restated to Fiscal Year 2005 cost levels and adjusted for changes in mail volume are adjusted for changes in nonvolume workload between Base Year 2004 and Fiscal Year 2005.

Other components also receive similar treatment by applying nonvolume workload factors to the cost level-adjusted, volume-adjusted base year costs. Rural routes are adjusted for the expected growth in the number of delivery boxes and route miles traveled, and postmasters are adjusted to account for the anticipated change in the number of post offices. Similarly, contract station salaries and postmaster rental allowances are adjusted for the projected changes in the number of contract stations and the number of CAG L post offices, respectively. Finally, rents, fuel, utilities, custodial supplies and services, and USPS security force are adjusted according to the estimated changes in total leased space and total interior space of occupied facilities.

The resulting cost changes are distributed to classes, subclasses, and type of service according to the distribution of Base Year 2004 costs restated to Fiscal Year 2005 cost levels and redistributed to reflect changes in volumes between Base Year 2004 and Fiscal Year 2005.

E. Number of (Additional) Workday Changes Between Base Year 2004 and Fiscal Year 2005

An additional workday effect is given to components whose costs vary with the number of workdays in a fiscal year. This includes all labor related salary costs. Labor related salary components that receive a direct mail volume effect

1 receive an additional workday effect for non-volume variable costs only. Indirect
2 costs, as identified earlier in this testimony, which vary with affected direct costs,
3 receive proportional changes. The additional workday factors used to develop
4 estimates of accrued cost for Fiscal Year 2005 are shown in USPS LR-K-50 and
5 also in Exhibit USPS-10A of this testimony. The effect of the changes in the
6 number of workdays is shown in Table 5 of the Fiscal Year 2005 cost segment
7 workpapers (WP-A) associated with this testimony.

8 The adjustment is developed in the following manner: non-volume variable
9 costs restated to the appropriate cost levels are multiplied by the relevant
10 percentage change in workdays.

11
12 F. Cost Reduction Programs Between Base Year 2004 and Fiscal Year 2005

13
14 Cost reduction programs represent the impact of Postal Service initiated
15 programs that result in cost savings. Savings are categorized as personnel
16 related and non-personnel related, and are identified by cost component.
17 Offsetting cost increases associated with cost reduction programs are included in
18 other programs. Examples of cost reduction programs include field operating
19 program savings and transportation program savings.

20 The effects of the cost reduction programs between Base Year 2004 and
21 Fiscal Year 2005 appear in USPS LR-K-50 and also in Exhibit USPS-10A of this
22 testimony. The distribution keys used to distribute the cost reduction programs
23 are shown in Appendix E of this testimony.

1 Additionally, for cost reduction programs that require specific distribution
2 keys, Appendix F will: (a) present the distribution keys, (b) show the base year
3 variabilities that are used, and (c) reference the sources for the distribution keys
4 that are used. Changes in costs between Base Year 2004 and Fiscal Year 2005
5 due to cost reduction programs are shown in Table 6 of the Fiscal Year 2005
6 cost segment workpapers (WP-A) associated with this testimony.

7 The changes in costs resulting from cost reduction programs are distributed
8 to the relevant components or subcomponents in proportion to the distribution of
9 Base Year 2004 costs adjusted for cost level, mail volume, nonvolume workload,
10 and additional workday effects.

11
12 G. Other Programs Changes Between Base Year 2004 and Fiscal
13 Year 2005

14
15 Other programs include the cost of specific Postal Service initiatives. Other
16 programs tend to have a life cycle as opposed to activities which tend to be
17 ongoing.

18 The effects of the other programs between Base Year 2004 and Fiscal Year
19 2005 are shown in USPS LR-K-50 and they also appear in Exhibit USPS-10A.
20 The distribution keys used to distribute the other programs are shown in
21 Appendix E of this testimony.

22 Additionally, for other programs that require specific distribution keys,
23 Appendix F will: (a) present the distribution keys, (b) show the base year
24 variabilities that are used, and (c) reference the sources for the distribution keys
25 that are used. Changes in costs between Base Year 2004 and Fiscal Year 2005

1 due to other programs are presented in Table 7 of the Fiscal Year 2005 cost
2 segment workpapers (WP-A) associated with this testimony.

3 The changes in costs resulting from other programs are distributed to the
4 relevant components or subcomponents in proportion to the distribution of Base
5 Year 2004 costs adjusted for cost level, mail volume, nonvolume workload,
6 additional workday, and cost reduction programs effects.

7
8 H. Corporatewide Activities Changes Between Base Year 2004 and Fiscal
9 Year 2005

10
11 Corporatewide activities include the costs of initiatives affecting headquarters
12 and field service units. Examples of corporatewide activities include advertising
13 and expedited supplies.

14 The effects of the corporatewide activities between Base Year 2004 and
15 Fiscal Year 2005 are illustrated in USPS LR-K-50 and they also appear in Exhibit
16 USPS-10A. Changes in costs between Base Year 2004 and Fiscal Year 2005
17 due to corporatewide activities are presented in Table 8 of the Fiscal Year 2005
18 cost segment workpapers (WP-A) associated with this testimony.

19 The changes in costs resulting from corporatewide activities are distributed to
20 the relevant components or subcomponents in proportion to the distribution of
21 Base Year 2004 costs adjusted for cost level, mail volume, nonvolume workload,
22 additional workday, cost reduction programs, and other programs effects.

23

24

1 I. Servicewide Costs Changes Between Base Year 2004 and Fiscal
2 Year 2005

3
4 Servicewide costs include costs which cannot be easily allocated below the
5 national level. Such costs include depreciation, interest, and servicewide
6 personnel costs such as workers' compensation, unemployment compensation,
7 and annuitant health benefits.

8 The effects of the servicewide costs between Base Year 2004 and Fiscal
9 Year 2005 are shown in USPS LR-K-50 and they also appear in Exhibit USPS-
10 10A. *Changes in costs between Base Year 2004 and Fiscal Year 2005 due to*
11 servicewide costs are presented in Table 9 of the Fiscal Year 2005 cost segment
12 workpapers (WP-A) associated with this testimony.

13 The changes in costs resulting from servicewide costs are distributed to the
14 relevant components or subcomponents in proportion to the distribution of Base
15 Year 2004 costs adjusted for cost level, mail volume, nonvolume workload,
16 additional workday, cost reduction programs, other programs, and corporatewide
17 activities effects.

18
19 J. Total Changes In Cost Between Base Year 2004 and Fiscal Year 2005
20 Before Workyear Mix Adjustment

21
22 The combined effect of the cost level, mail volume, nonvolume workload,
23 additional workday, cost reduction programs, other programs, corporatewide
24 activities, and servicewide costs effects are added to Base Year 2004 costs to
25 produce an estimate of projected Fiscal Year 2005 costs before the workyear mix
26 adjustment. Total estimated Fiscal Year 2005 costs are presented in Table 10 of

1 the Fiscal Year 2005 cost segment workpapers (WP-A) associated with this
2 testimony.

3
4 K. Workyear Mix Adjustment Between Base Year 2004 and Fiscal Year 2005

5
6 The effect of the workyear mix adjustment is treated as an adjustment to total
7 estimated Fiscal Year 2005 costs. The workyear mix adjustment is developed in
8 USPS LR-K-50. The estimated workyear mix adjustment effects are presented in
9 Table 11 of the Fiscal Year 2005 with workyear mix adjustment cost segment
10 workpapers associated with this testimony (WP-A).

11 Total estimated costs for Fiscal Year 2005 including the workyear mix
12 adjustment are presented in Table 12 of the Fiscal Year 2005 cost segment
13 workpapers (WP-A) associated with this testimony. The Plant, Equipment,
14 Servicewide, and Selected Administrative (PESSA) -related cost distributions are
15 presented in the B Report of the Fiscal Year 2005 cost segment workpapers
16 (WP-A) associated with this testimony.

1 III. Development of Test Year 2006 Cost Estimates at Current Rates
2 (Before Rates)
3

4 This section is a description of the development of the Test Year 2006 costs
5 at current rates using steps (11) – (20) outlined in Section I. Test Year 2006
6 costs at current rates are also referred to as Test Year 2006 Before Rates costs.
7 The projected costs for Fiscal Year 2005 are adjusted to reflect changes in costs
8 occurring between Fiscal Year 2005 and Test Year 2006. These cost changes
9 are the result of changes in cost level, mail volume, nonvolume workload,
10 number of workdays, cost reduction programs, other programs, corporatewide
11 activities, and servicewide costs.

12 The Fiscal Year 2005 cost matrix for each segment and component is the
13 initial roll forward input for Test Year 2006 Before Rates. These costs are shown
14 in the Fiscal Year 2005 cost segment workpapers (USPS-T-10, WP-A, Table 12)
15 or in the Test Year 2006 Before Rates cost segment workpapers (WP-B, Table 1)
16 associated with this testimony.

17 Accrued costs by class, subclass, and type of service for each segment and
18 component are adjusted by the appropriate cost level factor. These factors are
19 developed in USPS LR-K-50 and they also appear in Exhibit USPS-10A.

20 Changes in costs between Fiscal Year 2005 and Test Year 2006 Before Rates
21 due to changes in cost levels are presented in Table 2 of Test Year 2006 Before
22 Rates cost segment workpapers (WP-B) associated with this testimony.

23 Cost level-adjusted volume variable costs are adjusted for the effect of
24 changes in mail volume occurring between Fiscal Year 2005 and Test Year 2006

1 at current rates. The volumes used to develop these adjustments are presented
2 in the testimony of witness Thress, USPS-T-7; these volumes also appear in
3 Exhibit USPS-10B of this testimony. The effects of mail volume changes
4 between Fiscal Year 2005 and Test Year 2006 at current rates for each segment,
5 by class, subclass, and type of service are presented in Table 3 of the Test Year
6 2006 Before Rates cost segment workpapers (WP-B) associated with this
7 testimony.

8 Fiscal Year 2005 costs restated to Test Year 2006 cost levels and adjusted
9 for changes in mail volume, are adjusted for changes in nonvolume workload
10 between Fiscal Year 2005 and Test Year 2006 at current rates. This is
11 accomplished by applying factors that express these nonvolume workload
12 changes to the appropriately adjusted Fiscal Year 2005 costs. The factors are
13 illustrated in USPS LR-K-50 and they also appear in Exhibit USPS-10A of this
14 testimony. Changes in costs between Fiscal Year 2005 and Test Year 2006 at
15 current rates due to changes in nonvolume workload are presented in Table 4 of
16 the Test Year 2006 Before Rates cost segment workpapers (WP-B) associated
17 with this testimony.

18 The additional workday factors used to develop estimates of accrued cost for
19 Test Year 2006 at current rates are shown in library reference USPS LR-K-50
20 and they also appear in Exhibit USPS-10A of this testimony. The effect of the
21 changes in the number of workdays for Test Year 2006 at current rates is shown
22 in Table 5 of the Test Year 2006 Before Rates cost segment workpapers (WP-B)
23 associated with this testimony.

1 The effects of the cost reduction programs between Fiscal Year 2005 and
2 Test Year 2006 at current rates are presented in USPS LR-K-50. These
3 amounts are also displayed in Exhibit USPS-10A of this testimony. The
4 distribution keys used to distribute the cost reduction programs are shown in
5 Appendix E of this testimony. Changes in costs between Fiscal Year 2005 and
6 Test Year 2006 at current rates due to cost reduction programs are presented in
7 Table 6 of the Test Year 2006 Before Rates cost segment workpapers (WP-B)
8 associated with this testimony.

9 The effects of the other programs between Fiscal Year 2005 and Test Year
10 2006 at current rates are presented in USPS LR-K-50 and they also appear in
11 Exhibit USPS-10A. The distribution keys used to distribute the other programs
12 are shown in Appendix E of this testimony. Changes in costs between Fiscal
13 Year 2005 and Test Year 2006 at current rates due to other programs are
14 presented in Table 7 of the Test Year 2006 Before Rates cost segment
15 workpapers (WP-B) associated with this testimony.

16 The effects of corporatewide activities between Fiscal Year 2005 and Test
17 Year 2006 at current rates are illustrated in USPS LR-K-50 and they also appear
18 in Exhibit USPS-10A. Changes in costs between Fiscal Year 2005 and Test
19 Year 2006 at current rates due to corporatewide activities are presented in Table
20 8 of the Test Year 2006 Before Rates cost segment workpapers (WP-B)
21 associated with this testimony.

22 The effects of servicewide costs between Fiscal Year 2005 and Test Year
23 2006 at current rates are shown in USPS LR-K-50 and they also appear in

1 Exhibit USPS-10A. Changes in costs between Fiscal Year 2005 and Test Year
2 2006 at current rates due to servicewide costs are presented in Table 9 of the
3 Test Year 2006 Before Rates cost segment workpapers (WP-B) associated with
4 this testimony.

5 The combined effect of the cost level, mail volume, nonvolume workload,
6 additional workday, cost reduction programs, other programs, corporate
7 activities, and servicewide costs effects are added to Fiscal Year 2005 costs to
8 produce an estimate of projected Test Year 2006 costs at current rates before
9 the workyear mix adjustment. Total estimated Test Year 2006 costs at current
10 rates before workyear mix adjustment are presented in Table 10 of the Test Year
11 2006 Before Rates cost segment workpapers (WP-B) associated with this
12 testimony.

13 The effect of the workyear mix adjustment is treated as an adjustment to total
14 estimated Test Year 2006 costs at current rates. The calculations of these
15 adjustments can be found in USPS LR-K-50. The estimated workyear mix
16 adjustment effects are presented in Table 11 of the Test Year 2006 Before Rates
17 cost segment workpapers associated with this testimony (WP-B).

18 Total estimated costs for Test Year 2006 including the workyear mix
19 adjustment are presented in Table 12 of the Test Year 2006 Before Rates cost
20 segment workpapers (WP-B) associated with this testimony. The PESSA-related
21 cost distributions are presented in the B Report of the Test Year 2006 Before
22 Rates cost segment workpapers (WP-B) associated with this testimony.

1 Final Adjustments for Test Year 2006 at current rates are shown in the D
2 Report of the Test Year 2006 Before Rates cost segment workpapers (WP-B)
3 associated with this testimony. Final Adjustments are also summarized in Exhibit
4 USPS-10C associated with this testimony.

5

1 IV. Development of Test Year 2006 Cost Estimates at Proposed Rates
2 (After Rates)
3

4 This section describes how the development of Test Year costs in Section III
5 is affected by the rates proposed in this case. Projected costs are affected by
6 changes in volume resulting from the changes proposed in this case. Estimates
7 of costs assuming proposed rates are developed using the same procedures
8 employed in the description of the Test Year 2006 development at current rates,
9 except that the proposed rate volumes are substituted for the current rate
10 volumes. Test Year 2006 costs at proposed rates are also referred to as Test
11 Year 2006 After Rates costs. The after rates volumes are substituted for the
12 before rates volumes at step (12) of the (20) steps listed in Section I of this
13 testimony. The after rates mail volume forecast appears in the testimony of
14 witness Thress, USPS-T-7; these volumes also appear in Exhibit USPS-10B.
15 The costs reflecting the volume change from Fiscal Year 2005 to Test Year 2006
16 at proposed rates are shown in Table 3 of the Test Year 2006 After Rates cost
17 segment workpapers (WP-C) associated with this testimony.

18 There are other changes resulting from the rate proposals that impact Test
19 Year 2006 besides the volume effects. The workyear mix adjustment is affected
20 by the change from current to proposed rate levels. These changes are reflected
21 in step (20) of the steps outlined in Section I of this testimony. The development
22 of these adjustments can be found in USPS LR-K-50. The total estimated Test
23 Year 2006 at proposed rates costs are adjusted for the impact of the workyear

1 mix adjustment and are shown in Table 11 of the Test Year 2006 After Rates
2 cost segment workpapers (WP-C) associated with this testimony.

3 Total estimated costs for Test Year 2006 at proposed rates including the
4 workyear mix adjustment can be seen in Table 12 of the Test Year After Rates
5 cost segment workpapers (WP-C) associated with this testimony.

6 The Final Adjustments to the Test Year 2006 costs are also impacted by the
7 after rates environment. Final Adjustments for Test Year 2006 at proposed rates
8 are shown in the D Report of the Test Year 2006 After Rates cost segment
9 workpapers (WP-C) associated with this testimony. Final Adjustments are also
10 summarized in Exhibit USPS-10C associated with this testimony.

Revised June 22, 2005

33

Revised Test Year 2006 Before Rates and Test Year 2006 After RatesSupplemental Information on Registered Mail

During the course of discovery, it was determined that the Base Year 2004 costs for domestic Registry contained costs for international Registry. As a result, this Base Year input affected the Test Year 2006 Before Rates and Test Year 2006 After Rates costs for Registry. Revised figures for the Test Year are provided below.

R2005-1	Year	As Filed Registry Costs ('000s)	Revised Registry Costs* ('000s)	Cost Difference Ratio
USPS	BY2004	81,268	77,999	.9598
	TY2006BR	69,450	66,657	.9598
	TY2006AR	65,313	62,686	.9598
<p>* Source for Revised Registry Cost for BY2004 - new page (page 14) of testimony of witness Meehan (USPS-T-9); Revised Registry Costs for TY2006BR and TY2006AR are calculated using the same cost difference ratio as the Base Year.</p>				

USPS-T-10

EXHIBITS

USPS-T-10

Exhibit USPS-T-10A

Roll Forward Model Factors

ROLL FORWARD MODEL FACTORS
FY 2005

USPS-T-10
Exhibit USPS-10A

SEG	DESCRIPTION	COMP NO.	COST LEVEL	NON-VOL WKLOAD	ADDITIONAL DAY	COST REDUCTIONS	OTHER PROGRAMS	CORP WIDE ACTIVITIES	SERVICEWIDE COSTS
1	Postmaster EAS 23 & Below	1	0.070164	(0.00167)	(0.00341)	-	-	-	-
	Postmaster EAS 24 & Above	2	0.070164	-	-	-	-	-	-
2	Supervisors & Technicians	252	0.059089	-	(0.00341)	(50,981)	-	-	-
3	Clerks & Mailhandlers, CAG A-J	253	0.034388	-	(0.00341)	(722,831)	67,810	-	-
4	Clerks, CAG K Offices	254	0.043789	-	(0.00341)	-	-	-	-
6&7	City Delivery Carriers	256 & 257	0.039112	-	(0.00341)	(268,197)	-	-	-
	City Delivery Carriers - Street	See note 2	-	0.00542	-	-	-	-	-
8	Vehicle Service Drivers	258	0.033835	-	(0.00341)	-	72	-	-
10	Rural Carriers	72	0.045713	0.02689	(0.00341)	(1,415)	29,188	-	-
	Equip. Maint. Allowance	73	0.111065	0.01243	(0.00341)	-	-	-	-
11	Custodial Personnel	74	0.039242	0.00365	(0.00341)	-	-	-	-
	Operating Equip. Maintenance	75	0.034628	-	(0.00341)	(61,496)	27,152	-	-
	Plant & Building Equip. Maintenance	79	0.042222	0.00365	(0.00341)	-	-	-	-
	Contract Cleaners	81	0.029000	0.00365	(0.00341)	-	-	25	-
12	Motor Vehicle Service Personnel	90	0.038149	-	(0.00341)	-	-	-	-
	Motor Vehicle Supplies & Materials	99	0.058800	-	(0.00341)	(10)	1,020	(0)	-
	Vehicle Hire	108	0.031300	-	(0.00341)	-	-	(7)	-
13	Mail Equipment Shops Personnel	110	0.044209	-	(0.00341)	-	-	(212)	-
	Contract Stations	111	0.029000	0.00692	-	-	-	(127)	-
	CAG L Rental Allowance	112	0.029000	(0.05109)	-	-	-	-	-
	Tolls & Ferriage	113	0.025900	-	(0.00341)	-	-	(50)	-
	Facilities & Purchasing Field Unit	114	0.047598	-	(0.00341)	-	-	1,183	-
	Employee Awards	115	0.026300	-	-	-	-	-	-
	Freight on Supplies & Materials	117	0.031300	-	(0.00341)	-	4,237	681	-
	Federal Reserve & Commercial	125	0.026300	-	-	-	0	-	-
	Carfare	135	0.025900	-	(0.00341)	-	5	54	-
	Driveout - City Delivery	141	-	-	-	-	-	-	-
	Domestic Air	142	0.036800	-	(0.00341)	-	8,460	-	-
14	Domestic Alaska Air	681	0.036800	-	(0.00341)	-	-	-	-
	Highway	143	0.062500	-	(0.00341)	(5,133)	12,046	-	-
	Railroad	144	0.035100	-	(0.00341)	(46,392)	-	-	-
	Domestic Water	145	0.031300	-	(0.00341)	-	-	-	-
	International	146	0.037684	-	-	-	30,548	-	-
	Settlement Transactions (SDR's)	1438	-	-	-	-	-	-	-
15	Rents	165	0.029000	0.00291	-	-	14,660	(624)	-
	Fuel	166	0.074005	0.00365	(0.00341)	-	(0)	(19)	-
	Utilities	167	0.072800	0.00365	(0.00341)	(133)	10,409	(126)	-
	Communications	168	0.048600	-	(0.00341)	(87)	(592)	1,335	-
	Building Projects Expensed	169	0.048600	-	-	(26,957)	(20,203)	2,139	-
	Moving Expense	170	0.031300	-	-	-	281	30	-
	Reimburse for Bldg Costs Oth T	171	0.048600	-	-	-	-	-	-
	Product Specific Rents	234	0.029000	0.00291	-	-	-	-	-
	Supply Personnel	173	0.042314	-	(0.00341)	-	-	841	-
16	ADP Supplies & Services	174	0.058800	-	-	-	(49,065)	14,520	-
	Repair & Maint of Equip Except	175	0.058800	-	-	-	9,906	(46)	-
	Custodial Supplies & Services	176	0.058800	0.00365	(0.00341)	-	387	514	-
	Miscellaneous Supplies & Services	177	0.058800	-	-	(6,291)	2,615	86,545	-
	Printing & Reproduction	179	0.073100	-	-	(21)	1,273	708	-
	Stamps & Dispensers	180	0.073100	-	-	-	(6,348)	4,262	-
	Money Orders	181	0.073100	-	-	-	-	293	-
	Inventory Adjustment	182	-	-	-	-	-	1,335	-
	Equipment	184	0.058800	-	(0.00341)	(16,029)	33,786	22,937	-
	Expedited Mail Supplies & Services	187	-	-	-	-	3,341	(1,058)	-
	Reimbursements for Supplies & Services	189	0.058800	-	-	-	-	(4)	-
	Tracking & Tracing	196	-	-	-	-	451	0	-
	Product Specific Supplies and Services	197	0.058800	-	-	-	-	0	-
	Advertising	246	-	-	-	-	(7,181)	31,748	-
17	Stamped Cards & Embossed Stamps	248	0.073100	-	-	-	-	264	-
	Non Mail Related Products	1426	0.058800	-	-	-	-	-	-
17	Research & Development	267	-	-	-	-	(5,000)	10,726	-
18	FERS Retirement Fund Deficit	064	-	IM	IM	-	-	-	-
	Annuitant Life Insurance	071	-	-	-	-	-	-	700
	Headquarters	191	0.038905	-	(0.00341)	-	-	(39,008)	-
	Money Order Division	192	0.037220	-	(0.00341)	-	-	-	-
	Area Administration	193	0.054053	-	(0.00341)	-	-	(16,012)	-
	USPS Security Force	194	0.037691	0.00365	(0.00341)	-	-	(1,162)	-
	Inspection Service Field Support	195	0.037657	-	(0.00341)	-	-	14,192	-

ROLL FORWARD MODEL FACTORS
FY 2005

USPS-T-10
Exhibit USPS-10A

	Repriced Annual Leave	199		IM	IM				(29,517)
	Holiday Leave Variance	200		IM	IM				
	CS Retirement Supplemental Li	201		IM	IM				10,362
	CS Retirement Supplemental Li	202							
	Workers' Comp. Current Liability	204		IM	IM				65,793
	Workers' Comp Prior Year	205							(195,679)
	Annuity Protection Program	207							
	Retiree Health Benefits	208							226,363
	HQ & Area Supplies & Services	210	0.058800			(64,804)	12,482	3,784	
	HQ & Area Miscellaneous Supp	211					51,883	761	85,700
	Inspection Expenses & Emplo	212	0.026300				(58)	(68)	
	Misc Reimbursements for HQ &	213	0.026300						
	Unemployment Compensation	241							27,426
	Commissions on Non-US Mon	244	0.026300						
	POD Workers' Comp	541							(4,789)
	OWCP Health Benefits	895							1,030
	Individual Awards	1429	0.026300						
	Misc Personnel Cost	1430							
	CS Retirement Reform Escrow	1435							
19	Maintenance Technical Support	219	0.045709					(401)	
	Training Contracts Supplies & S	220	0.026300			(21)	12,518	46	
20	Vehicle Depreciation	231							6,621
	Equipment Depreciation	232							65,023
	Product Specific Equipment Dep	233							
	Building Depreciation & Amortiz	238							(45,176)
	Domestic Indemnities	239	0.026300						
	International Indemnities	240	0.026300						
	Insurance Claim Write-offs	242	0.026300						
	Other Expenses	245				(5,750)	0	6,493	(59,642)
	Reimbursements & Miscellaneo	249							
	Interest on Debt	587							(8,681)
	Annuitant COLA Interest	896							
	Interest Special Assessments	899							
	CSRS Supplemental Liab. Intere	1436							114,138
	Other Interest	1437					1,614	20	
	Totals					(1,276,348)	247,698	146,513	259,672
			3.0138048	0.0302690	(0.1227600)				

Note 1: For a more detailed explanation of factor application by sub-component, see the rollforward testimony and workpapers.

Note 2: Applies to sub-segments 47, 48, 693, 610, 46, and 54.

Source: Witness Tayman, USPS-T-6; USPS-LR-K-50, Chapter IV

ROLL FORWARD MODEL FACTORS
TY 2006
BEFORE RATES

USPS-T-10
Exhibit USPS-10A

SEG	DESCRIPTION	COMP NO.	COST LEVEL	NON-VOL WKLOAD	ADDITIONAL DAY	COST REDUCTIONS	OTHER PROGRAMS	CORP WIDE ACTIVITIES	SERVICEWIDE COSTS
1	Postmaster EAS 23 & Below	1	0.068457	(0.00260)	(0.00126)	-	-	-	-
	Postmaster EAS 24 & Above	2	0.068457	-	-	-	-	-	-
2	Supervisors & Technicians	252	0.058289	I	(0.00126)	(43,366)	-	-	-
3	Clerks & Mailhandlers, CAG A-J	253	0.030704	I	(0.00126)	(932,610)	73,605	-	-
4	Clerks, CAG K Offices	254	0.040758	-	(0.00126)	-	-	-	-
6&7	City Delivery Carriers	256 & 257	0.029001	I	(0.00126)	(241,981)	-	-	-
	City Delivery Carriers - Street	See note 2	-	0.00540	-	-	-	-	-
8	Vehicle Service Drivers	258	0.031042	-	(0.00126)	-	-	-	-
10	Rural Carriers	72	0.034664	0.02675	(0.00126)	(2,195)	2,745	-	-
	Equip. Maint. Allowance	73	(0.000558)	0.01232	(0.00126)	-	-	-	-
11	Custodial Personnel	74	0.035901	0.00652	(0.00126)	-	-	-	-
	Operating Equip. Maintenance	75	0.032501	-	(0.00126)	(37,588)	37,078	-	-
	Plant & Building Equip. Maintenance	79	0.039740	0.00652	(0.00126)	-	-	-	-
	Contract Cleaners	81	0.027100	0.00652	(0.00126)	-	-	-	-
12	Motor Vehicle Service Personnel	90	0.035451	I	(0.00126)	-	-	-	-
	Motor Vehicle Supplies & Materials	99	(0.011100)	I	(0.00126)	(466)	-	-	-
	Vehicle Hire	108	0.003000	I	(0.00126)	-	-	-	-
13	Mail Equipment Shops Personnel	110	0.040916	-	(0.00126)	-	-	-	-
	Contract Stations	111	0.027100	0.05260	-	-	-	-	-
	CAG L Rental Allowance	112	0.027100	(0.05312)	-	-	-	-	-
	Tolls & Franchise	113	0.066800	-	(0.00126)	-	-	-	-
	Facilities & Purchasing Field Unit	114	0.048422	-	(0.00126)	-	-	-	-
	Employee Awards	115	0.015500	-	-	-	-	-	-
	Freight on Supplies & Materials	117	0.003000	-	(0.00126)	-	-	-	-
	Federal Reserve & Commercial	125	0.015500	-	-	-	-	-	-
	Carfare	135	0.066800	I	(0.00126)	-	-	-	-
	Driveout - City Delivery	141	-	I	I	-	-	-	-
14	Domestic Air	142	0.023100	-	(0.00126)	(15,000)	-	-	-
	Domestic Alaska Air	681	0.023100	-	(0.00126)	-	-	-	-
	Highway	143	0.033000	-	(0.00126)	(41,000)	422	-	-
	Railroad	144	0.009900	-	(0.00126)	(125)	-	-	-
	Domestic Water	145	0.003000	-	(0.00126)	-	-	-	-
	International	146	0.030910	-	-	-	-	-	-
	Settlement Transactions (SDR's)	1438	-	-	-	-	-	-	-
15	Rents	165	0.027100	0.00457	-	(2,274)	-	-	-
	Fuel	166	(0.067239)	0.00652	(0.00126)	-	-	-	-
	Utilities	167	0.023100	0.00652	(0.00126)	(137)	10,139	-	-
	Communications	168	(0.007700)	-	(0.00126)	(84)	-	-	-
	Building Projects Expensed	169	(0.007700)	-	-	-	-	-	-
	Moving Expense	170	0.003000	-	-	-	-	-	-
	Reimburse for Bldg Costs Oth T	171	(0.007700)	-	-	-	-	-	-
	Product Specific Rents	234	0.027100	0.00457	-	-	-	-	-
16	Supply Personnel	173	0.040906	-	(0.00126)	-	-	-	-
	ADP Supplies & Services	174	(0.011100)	-	-	-	29,100	-	-
	Repair & Maint of Equip Except	175	(0.011100)	-	-	-	18,598	-	-
	Custodial Supplies & Services	176	(0.011100)	0.00652	(0.00126)	-	-	-	-
	Miscellaneous Supplies & Services	177	(0.011100)	I	I	(5,227)	28,395	2,419	-
	Printing & Reproduction	179	0.034200	-	-	(20)	-	-	-
	Stamps & Dispensers	180	0.034200	-	-	-	-	-	-
	Money Orders	181	0.034200	-	-	-	-	-	-
	Inventory Adjustment	182	-	-	-	-	-	-	-
	Equipment	184	(0.011100)	-	(0.00126)	-	37,519	-	-
	Expedited Mail Supplies & Services	187	-	-	-	-	-	(2,419)	-
	Reimbursements for Supplies & Services	189	(0.011100)	-	-	-	-	-	-
	Tracking & Tracing	196	-	-	-	-	-	-	-
	Product Specific Supplies and Services	197	(0.011100)	-	-	-	-	-	-
	Advertising	246	-	-	-	-	-	-	-
	Stamped Cards & Embossed Stamps	248	0.034200	-	-	-	-	-	-
	Non Mail Related Products	1426	(0.011100)	-	-	-	-	-	-
17	Research & Development	267	-	-	-	-	-	-	-
18	FERS Retirement Fund Deficit	064	-	IM	IM	-	-	-	700
	Annuity Life Insurance	071	-	-	-	-	-	-	-
	Headquarters	191	0.039562	-	(0.00126)	-	-	22,645	-
	Money Order Division	192	0.034381	-	(0.00126)	-	-	-	-
	Area Administration	193	0.055284	-	(0.00126)	(10,845)	-	13,037	-
	USPS Security Force	194	0.035411	0.00652	(0.00126)	-	-	(752)	-
	Inspection Service Field Support	195	0.038221	-	(0.00126)	-	-	-	-

ROLL FORWARD MODEL FACTORS
TY 2006
BEFORE RATES

USPS-T-10
Exhibit USPS-10A

	Repriced Annual Leave	199		IM	IM				(4,937)
	Holiday Leave Variance	200		IM	IM				
	CS Retirement Supplemental Li	201		IM	IM				1,410
	CS Retirement Supplemental Li	202							
	Workers' Comp. Current Liability	204		IM	IM				32,310
	Workers' Comp Prior Year	205							251,648
	Annuity Protection Program	207							
	Retiree Health Benefits	208							196,591
	HQ & Area Supplies & Services	210	(0.011100)						
	HQ & Area Miscellaneous Supp	211							
	Inspection Expenses & Emplo	212	0.015500						
	Misc Reimbursements for HQ &	213	0.015500						
	Unemployment Compensation	241							2,672
	Commissions on Non-US Mone	244	0.015500						
	POD Workers' Comp	541							(842)
	OWCP Health Benefits	895							1,100
	Individual Awards	1429	0.015500						
	Misc Personnel Cost	1430							
	CS Retirement Reform Escrow	1435							3,081,016
19	Maintenance Technical Support	219	0.050392						
	Training Contracts Supplies & S	220	0.015500			(20)			
20	Vehicle Depreciation	231							6,054
	Equipment Depreciation	232							83,339
	Product Specific Equipment Dep	233							
	Building Depreciation & Amortiz	238							29,755
	Domestic Indemnities	239	0.015500						
	International Indemnities	240	0.015500						
	Insurance Claim Write-offs	242	0.015500						
	Other Expenses	245							
	Reimbursements & Miscellaneo	249							
	Interest on Debt	587							24,168
	Annuitant COLA Interest	896							
	Interest Special Assessments	899							
	CSRS Supplemental Liab. Intere	1436							(1,410)
	Other Interest	1437							
	Totals					(1,332,938)	237,602	34,929	3,703,574
			1.4025733	0.0961020	(0.0453600)				

Note 1: For a more detailed explanation of factor application by sub-component, see the rollforward testimony and workpapers.

Note 2: Applies to sub-segments 47, 48, 693, 610, 46, and 54.

Source: Witness Tayman, USPS-T-6; USPS-LR-K-50, Chapter IV

ROLL FORWARD MODEL FACTORS

TY 2006

AFTER RATES

USPS-T-10

Exhibit USPS-10A

SEG	DESCRIPTION	COMP NO.	COST LEVEL	NON-VOL WKLOAD	ADDITIONAL DAY	COST REDUCTIONS	OTHER PROGRAMS	CORP WIDE ACTIVITIES	SERVICEWIDE COSTS
1	Postmaster EAS 23 & Below	1	0.068457	(0.00260)	(0.00126)	-	-	-	-
	Postmaster EAS 24 & Above	2	0.068457	-	-	-	-	-	-
2	Supervisors & Technicians	252	0.058289	I	(0.00126)	(43,366)	-	-	-
3	Clerks & Mailhandlers, CAG A-J	253	0.030704	I	(0.00126)	(932,610)	73,605	-	-
4	Clerks, CAG K Offices	254	0.040758	-	(0.00126)	-	-	-	-
6&7	City Delivery Carriers	256 & 257	0.029001	I	(0.00126)	(241,981)	-	-	-
	City Delivery Carriers - Street	See note 2	-	0.00540	-	-	-	-	-
8	Vehicle Service Drivers	258	0.031042	-	(0.00126)	-	-	-	-
10	Rural Carriers	72	0.034664	0.02675	(0.00126)	(2,195)	2,745	-	-
	Equip. Maint. Allowance	73	(0.000558)	0.01232	(0.00126)	-	-	-	-
11	Custodial Personnel	74	0.035901	0.00652	(0.00126)	-	-	-	-
	Operating Equip. Maintenance	75	0.032501	-	(0.00126)	(37,588)	37,078	-	-
	Plant & Building Equip. Maintenance	79	0.039740	0.00652	(0.00126)	-	-	-	-
	Contract Cleaners	81	0.027100	0.00652	(0.00126)	-	-	-	-
12	Motor Vehicle Service Personnel	90	0.035451	I	(0.00126)	-	-	-	-
	Motor Vehicle Supplies & Materials	99	(0.011100)	-	(0.00126)	(466)	-	-	-
	Vehicle Hire	108	0.003000	-	(0.00126)	-	-	-	-
13	Mail Equipment Shops Personnel	110	0.040916	-	(0.00126)	-	-	-	-
	Contract Stations	111	0.027100	0.05260	-	-	-	-	-
	CAG L Rental Allowance	112	0.027100	(0.05312)	-	-	-	-	-
	Tools & Ferrage	113	0.066800	-	(0.00126)	-	-	-	-
	Facilities & Purchasing Field Unit	114	0.048422	-	(0.00126)	-	-	-	-
	Employee Awards	115	0.015500	-	-	-	-	-	-
	Freight on Supplies & Materials	117	0.003000	-	(0.00126)	-	-	-	-
	Federal Reserve & Commercial	125	0.015500	-	-	-	-	-	-
	Carfare	135	0.066800	I	(0.00126)	-	-	-	-
	Driveout - City Delivery	141	-	-	-	-	-	-	-
	Domestic Air	142	0.023100	-	(0.00126)	(15,000)	-	-	-
14	Domestic Alaska Air	681	0.023100	-	(0.00126)	-	-	-	-
	Highway	143	0.033000	-	(0.00126)	(41,000)	422	-	-
	Railroad	144	0.009900	-	(0.00126)	(125)	-	-	-
	Domestic Water	145	0.003000	-	(0.00126)	-	-	-	-
	International	146	0.030910	-	-	-	-	-	-
	Settlement Transactions (SDR's)	1438	-	-	-	-	-	-	-
15	Rents	165	0.027100	0.00457	-	(2,274)	-	-	-
	Fuel	166	(0.067239)	0.00652	(0.00126)	-	-	-	-
	Utilities	167	0.023100	0.00652	(0.00126)	(137)	10,139	-	-
	Communications	168	(0.007700)	-	(0.00126)	(84)	-	-	-
	Building Projects Expensed	169	(0.007700)	-	-	-	-	-	-
	Moving Expense	170	0.003000	-	-	-	-	-	-
	Reimburse for Bldg Costs Oth Than	171	(0.007700)	-	-	-	-	-	-
	Product Specific Rents	234	0.027100	0.00457	-	-	-	-	-
	Supply Personnel	173	0.040906	-	(0.00126)	-	-	-	-
	ADP Supplies & Services	174	(0.011100)	-	-	-	29,100	-	-
16	Repair & Maint of Equip Except	175	(0.011100)	-	-	-	18,598	-	-
	Custodial Supplies & Services	176	(0.011100)	0.00652	(0.00126)	-	-	-	-
	Miscellaneous Supplies & Services	177	(0.011100)	I	-	(5,227)	28,395	2,419	-
	Printing & Reproduction	179	0.034200	-	-	(20)	-	-	-
	Stamps & Dispensers	180	0.034200	-	-	-	-	-	-
	Money Orders	181	0.034200	-	-	-	-	-	-
	Inventory Adjustment	182	-	-	-	-	-	-	-
	Equipment	184	(0.011100)	-	(0.00126)	-	37,519	-	-
	Expedited Mail Supplies & Services	187	-	-	-	-	-	(2,419)	-
	Reimbursements for Supplies & Services	189	(0.011100)	-	-	-	-	-	-
	Tracking & Tracing	196	-	-	-	-	-	-	-
	Product Specific Supplies and Services	197	(0.011100)	-	-	-	-	-	-
	Advertising	246	-	-	-	-	-	-	-
	Stamped Cards & Embossed Stamps	248	0.034200	-	-	-	-	-	-
	Non Mail Related Products	1426	(0.011100)	-	-	-	-	-	-
17	Research & Development	267	-	-	-	-	-	-	-
18	FERS Retirement Fund Deficit	064	-	IM	IM	-	-	-	700
	Annuity Life Insurance	071	-	-	-	-	-	-	-
	Headquarters	191	0.039562	-	(0.00126)	-	-	22,645	-
	Money Order Division	192	0.034381	-	(0.00126)	-	-	-	-
	Area Administration	193	0.055284	-	(0.00126)	(10,845)	-	13,037	-
	USPS Security Force	194	0.035411	0.00652	(0.00126)	-	-	(752)	-
	Inspection Service Field Support	195	0.038221	-	(0.00126)	-	-	-	-

ROLL FORWARD MODEL FACTORS
TY 2006
AFTER RATES

USPS-T-10
Exhibit USPS-10A

	Repriced Annual Leave	199		IM	IM				(4,937)
	Holiday Leave Variance	200		IM	IM				-
	CS Retirement Supplemental Li	201		IM	IM				1,410
	CS Retirement Supplemental Li	202							-
	Workers' Comp. Current Liability	204		IM	IM				32,310
	Workers' Comp Prior Year	205							251,648
	Annuity Protection Program	207							-
	Retiree Health Benefits	208							196,591
	HQ & Area Supplies & Services	210	(0.011100)						-
	HQ & Area Miscellaneous Supp	211							-
	Inspection Expenses & Emplo	212	0.015500						-
	Misc Reimbursements for HQ &	213	0.015500						-
	Unemployment Compensation	241							2,672
	Commissions on Non-US Mon	244	0.015500						-
	POD Workers' Comp	541							(842)
	OWCP Health Benefits	895							1,100
	Individual Awards	1429	0.015500						-
	Misc Personnel Cost	1430							-
	CS Retirement Reform Escrow	1435							3,081,016
19	Maintenance Technical Support	219	0.050392						-
	Training Contracts Supplies & S	220	0.015500				(20)		-
20	Vehicle Depreciation	231							6,054
	Equipment Depreciation	232							83,339
	Product Specific Equipment Dep	233							-
	Building Depreciation & Amortiz	238							29,755
	Domestic Indemnities	239	0.015500						-
	International Indemnities	240	0.015500						-
	Insurance Claim Write-offs	242	0.015500						-
	Other Expenses	245							-
	Reimbursements & Miscellaneo	249							-
	Interest on Debt	587							(262)
	Annuitant COLA Interest	896							-
	Interest Special Assessments	899							-
	CSRS Supplemental Liab. Intere	1436							(1,410)
	Other Interest	1437							-
	Totals		1.4025733	0.0961020	(0.0453600)	(1,332,938)	237,602	34,929	3,679,144

Note 1: For a more detailed explanation of factor application by sub-component, see the rollforward testimony and workpapers.

Note 2: Applies to sub-segments 47, 48, 693, 610, 46, and 54.

Source: Witness Tayman, USPS-T-6; USPS-LR-K-50, Chapter IV

USPS-T-10

Exhibit USPS-T-10B

Mail Volume Forecasts

FORECAST VOLUMES (millions)
R2005-1

	FY 2004 (1)	FY 2005 (2)	FY 2005 Mailing (3)=(2)-(1)	FY 2005 (4)	TY 2006BR (5)	TY 2006BR Mailing (6)=(5)-(4)	FY 2005 (7)	TY 2006BR (8)	TY 2006BR Mailing (9)=(8)-(7)
First-Class Mail									
Single-Piece Letters	45,161,746	44,264,888	-0,001,968,800	44,264,888	42,987,742	-0,028,852,355	44,264,888	42,459,296	-0,040,796,623
Presort Letters	47,333,816	48,867,443	0,032,400,188	48,867,443	48,336,414	-0,018,667,705	48,867,443	47,896,718	-0,020,658,077
Total Letters	92,495,564	93,132,331	93,132,331	93,132,331	91,324,157	-0,018,667,705	93,132,331	90,346,014	-0,013,891,280
Single-Piece Cards	2,525,931	2,517,501	-0,003,374,900	2,517,501	2,516,372	-0,000,448,319	2,517,501	2,482,529	-0,005,067,82
Presort Cards	2,904,901	2,956,209	0,017,662,713	2,956,209	3,027,984	0,024,276,347	2,956,209	2,981,366	0,006,508,782
Total Cards	5,430,832	5,473,710	5,473,710	5,473,710	5,544,356	5,544,356	5,473,710	5,463,895	-0,006,508,782
Total First-Class	97,926,396	98,606,041	98,606,041	98,606,041	96,868,513	-0,004,197,247	98,606,041	95,809,909	-0,054,493,30
Priority Mail	848,633	846,257	-0,002,800,361	846,257	842,705	-0,004,197,247	846,257	799,324	-0,067,957,63
Express Mail	54,123	54,111	-0,000,330,664	54,111	52,945	-0,021,536,662	54,111	50,308	-0,016,202,819
Mailgrams	1,648	1,607	-0,024,844,787	1,607	1,359	-0,154,236,047	1,607	1,359	-0,154,236,047
Periodicals									
In County	760,020	766,554	0,008,536,808	766,554	743,285	-0,030,354,335	766,554	753,578	-0,016,972,547
Outside County	8,375,252	8,399,583	0,002,905,159	8,399,583	8,335,335	-0,007,648,960	8,399,583	8,296,244	-0,012,302,819
Total Periodicals	9,135,272	9,166,137	9,166,137	9,166,137	9,078,621	-0,007,648,960	9,166,137	9,049,822	-0,012,302,819
Standard Mail									
Enhanced Carrier Route	32,995,701	35,561,214	0,077,529,960	35,561,214	36,476,081	0,025,276,519	35,561,214	35,315,957	-0,006,967,62
Regular	62,567,820	65,925,010	0,058,568,18	65,925,010	69,341,327	0,051,821,265	65,925,010	68,768,107	0,043,126,225
Total Standard Mail	95,563,521	101,486,224	101,486,224	101,486,224	105,817,408	105,817,408	101,486,224	104,084,064	-0,006,967,62
Package Services									
Parcel Post	375,618	365,311	-0,027,436,369	365,311	354,061	-0,030,796,665	365,311	336,448	-0,079,011,591
Bound Printed Matter	553,666	571,586	0,032,366,196	571,586	598,339	0,046,903,967	571,586	605,986	0,060,200,662
Media Mail	202,645	200,676	-0,009,716,882	200,676	200,679	0,044,865,023	200,676	208,348	0,038,233,009
Total Package Services	1,131,929	1,137,573	1,137,573	1,137,573	1,162,079	1,162,079	1,137,573	1,150,792	-0,006,508,782
US Postal Service	529,326	666,104	0,258,406,632	666,104	666,538	0,000,650,945	666,104	666,538	0,000,650,945
Free Mail (bind.indtcp.svc)	71,082	72,778	0,023,649,884	72,778	73,317	0,034,694,479	72,778	75,317	0,034,694,479
Total Domestic Mail	205,261,930	212,036,831	212,036,831	212,036,831	214,565,484	214,565,484	212,036,831	211,687,513	-0,006,508,782
International Mail (ind IMO)	844,553	866,340	0,025,796,853	866,340	862,553	-0,004,255,081	866,340	847,066	-0,022,247,266
Total Mail	206,106,483	212,903,171	212,903,171	212,903,171	215,428,137	215,428,137	212,903,171	212,534,579	-0,006,508,782
Special Services									
Registry	5,009	4,412	-0,119,051,155	4,412	3,990	-0,095,734,944	4,412	3,738	-0,152,712,637
Certified	273,701	272,612	-0,003,979,082	272,612	282,145	0,034,988,252	272,612	278,811	0,022,740,006
Insurance	51,514	42,547	-0,174,061,979	42,547	35,903	-0,156,151,152	42,547	35,366	-0,168,751,27
Collected-on-Delivery	1,905	1,710	-0,102,543,711	1,710	1,693	-0,009,976,638	1,710	1,673	-0,021,303,721
Money Orders	187,211	183,861	-0,017,893,271	183,861	181,567	-0,012,476,531	183,861	179,939	-0,021,328,416
Stamped Cards	96,807	84,765	-0,124,390,465	84,765	90,352	0,069,050,538	84,765	89,429	0,055,020,317
Stamped Envelopes	400,000	400,000	0,000,000,000	400,000	400,000	0,000,000,000	400,000	400,000	0,000,000,000
Special Handling	1,066	1,074	0,006,833,489	1,074	1,055	-0,017,065,085	1,074	1,043	-0,028,132,513
Post Office Box	15,325	15,762	0,028,500,326	15,762	16,100	0,021,430,319	15,762	15,573	-0,011,901,601
Other	840,044	915,080	0,089,524,063	915,080	974,384	0,065,630,071	915,080	941,410	0,028,773,335
Total Special Services	1,872,582	1,921,823	1,921,823	1,921,823	1,967,786	1,967,786	1,921,823	1,946,984	0,028,773,335

Source: Witness Thress, USPS-T-7, Attachment A, except for the following.

169 Stamped Envelopes Witness Taufique USPS-T-28 Appendix A

USPS-T-10

Unit USPS-T-10C

Final Adjustments

R2005-1 USPS version (After Workyear Mix Adjustment)
Final Adjustment Inputs

USPS-T-10
 Exhibit USPS-10C
 Revised 6/22/2005

Line No	Class, Subclass, or Special Service	CRA Class	FY2005 Final Adjustments	TY2006BR Final Adjustments	TY2006AR Final Adjustments
	Column Number Calculations Column Source/Notes Component				
1	FIRST-CLASS MAIL:				
2	SINGLE PIECE LETTERS	101			
3	PRESORT LETTERS	102	(35,580)	(67,931)	(114,658)
4	TOTAL LETTERS	103	(35,580)	(67,931)	(114,658)
5	SINGLE PIECE CARDS	104			
6	PRESORT CARDS	105	(2,175)	(4,608)	(4,600)
7	TOTAL CARDS	108	(2,175)	(4,608)	(4,600)
8	TOTAL FIRST CLASS	109	(37,754)	(72,539)	(119,258)
9	PRIORITY MAIL	110	0	24,842	23,861
10	EXPRESS MAIL	111			
11	MAILGRAMS	112			
12	PERIODICALS:				
13	WITHIN COUNTY	113			
14	OUTSIDE COUNTY	117			
15	TOTAL PERIODICALS	123	0	0	0
16	STANDARD MAIL:				
17	ENHANCED CARR RTE	126			
18	REGULAR	127	(139,560)	(249,283)	(253,704)
19	TOTAL STANDARD MAIL	135	(139,560)	(249,283)	(253,704)
20	PACKAGE SERVICES:				
21	PARCEL POST	136	8,041	65,242	54,314
22	BOUND PRINTED MATTER	137			
23	MEDIA MAIL	139			
24	TOTAL PACKAGE SERVICES	141	8,041	65,242	54,314
25	U.S. POSTAL SERVICE	142			
26	FREE MAIL	147			
27	INTERNATIONAL MAIL	161			
28	TOTAL ALL MAIL	162	(169,273)	(231,738)	(294,787)
29	SPECIAL SERVICES:				
30	REGISTRY	163			
31	CERTIFIED	164			
32	INSURANCE	165			
33	COD	166			
34	MONEY ORDERS	168			
35	STAMPED CARDS	159			
36	STAMPED ENVELOPES	169			
37	SPECIAL HANDLING	170			
38	POST OFFICE BOX	171			
39	OTHER	172	(12,066)	(84,691)	(75,917)
40	TOTAL SPECIAL SERVICES	173	(12,066)	(84,691)	(75,917)
41	TOTAL VOLUME VARIABLE	198	(181,339)	(316,429)	(370,704)
42	OTHER COSTS	199			
43	TOTAL COSTS	200	(181,339)	(316,429)	(370,704)

Source: Witness Page, USPS-T-23; USPS-LR-K-59

USPS-T-10

Exhibit USPS-T-10D

**C'Report
Cost Segments & Components Report
Fiscal Year 2005**

USPS-T-10, Exhibit USPS

R2005-1 USPS_version - FY 2005 After Workyear Mix
 Cost Segments and Components (\$ in '000s)
 Cost Segment Totals

Line No.	Class, Subclass, or Special Service	Class	CS 1 Postmasters	CS 2 Supervisors & Technicians	CS 3 Clerks & Mailhandlers	CS 4 Clerks CAG K Post Offices	CS 6&7 City Delivery Carriers	CS 8 Vehicle Service Drivers	CS 10 Rural Carriers	CS 11 Custodial and Maint Svcs
	Column Number		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Component		0251	0284	0478	0254	0281	0258	0260	0482
1	First-Class Mail									
2	Single Piece Letters	101	114,968	629,085	4,846,857	1,750	2,415,216	23,411	313,456	648,234
3	Presort Letters	102	85,558	250,716	1,526,167	593	1,251,286	24,619	307,104	239,034
4	Total Letters	103	200,526	879,802	6,373,024	2,343	3,666,502	48,030	620,559	887,268
5	Single Piece Cards	104	3,434	31,700	211,508	70	153,664	213	21,732	23,211
6	Presort Cards	105	3,147	10,649	55,096	20	59,593	400	17,795	7,547
7	Total Cards	108	6,581	42,349	266,604	90	213,257	613	39,526	30,758
8	Total First-Class	109	207,107	922,151	6,639,628	2,433	3,879,759	48,643	660,086	918,026
9	Priority Mail	110	25,243	91,513	882,438	235	163,198	69,167	42,031	88,683
10	Express Mail	111	4,883	20,525	204,632	0	38,632	1,578	11,441	11,629
11	Mailgrams	112	0	19	25	0	206	0	4	4
12	Periodicals									
13	Within County	113	416	3,360	15,988	6	19,990	1,953	12,814	1,822
14	Outside County	117	12,062	115,674	876,194	461	407,394	30,086	140,413	91,117
15	Total Periodicals	123	12,478	119,034	892,182	467	427,384	32,040	153,227	92,939
16	Standard Mail									
17	Enhanced Carr Rte	126	33,036	116,709	382,705	108	877,137	44,747	517,385	63,825
18	Regular	127	76,415	467,743	3,300,737	1,024	2,170,729	51,526	592,051	466,919
19	Total Standard Mail	135	109,451	584,453	3,683,442	1,132	3,047,867	96,273	1,109,436	530,744
20	Package Services									
21	Parcel Post	136	6,919	33,605	262,149	0	77,770	73,701	34,473	36,469
22	Bound Printed Matter	137	3,449	21,467	144,939	0	82,998	28,057	24,759	22,714
23	Media Mail	139	2,150	14,370	126,989	0	38,094	9,611	11,439	18,708
24	Total Package Services	141	12,518	69,442	534,076	0	198,862	111,369	70,671	77,891
25	U.S. Postal Service	142	0	29,307	280,486	185	38,544	3,996	2,686	25,865
26	Free Mail	147	0	1,857	16,750	0	4,552	633	2,713	2,143
27	International Mail	161	8,378	31,440	337,920	0	39,823	7,427	4,833	36,348
28	Total All Mail	162	380,059	1,869,741	13,471,579	4,452	7,838,825	371,125	2,057,126	1,784,272
29	Special Services									
30	Registry	163	285	4,031	42,634	47	6,448	0	4,517	3,123
31	Certified	164	3,591	22,065	113,342	49	122,872	0	94,006	8,143
32	Insurance	165	580	3,469	27,071	1	8,503	0	14,005	1,415
33	Cod	166	58	259	1,614	1	1,057	0	1,751	119
34	Money Orders	168	1,329	8,518	90,133	0	0	0	1,425	3,710
35	Stamped Cards	159	9	0	0	0	0	0	0	0
36	Stamped Envelopes	169	114	424	4,503	0	0	0	0	187
37	Special Handling	170	39	147	1,769	2	0	0	0	132
38	Post Office Box	171	4,594	9,484	97,921	6	1,214	0	0	147,111
39	Other	172	3,351	14,730	103,946	66	47,584	0	28,483	7,923
40	Total Special Services	173	13,951	63,129	482,934	172	187,678	0	144,187	171,862
41	Total Volume Variable	198	394,011	1,932,870	13,954,512	4,624	8,026,503	371,125	2,201,312	1,956,134
42	Other Costs	199	1,781,791	2,161,372	4,652,069	2,144	7,540,520	238,307	3,374,052	1,140,837
43	Total Costs	200	2,175,801	4,094,243	18,606,582	6,768	15,567,023	609,432	5,575,365	3,096,972

USPS-T-10, Exhibit USPS

R2005-1 USPS_version - FY 2005 After Workyear Mix
 Cost Segments and Components (\$ in '000s)
 Cost Segment Totals

Line No.	Class, Subclass, or Special Service	Class	CS 12 Motor Vehicle Service	CS 13 Misc Local Operations	CS 14 Transportation	CS 15 Building Occupancy	CS 16 Supplies and Services	CS 17 Research and Development	CS 18 Admin and Area Operations	CS 19 General Mgmt Systems
	Column Number Component		(9) 0262	(10) 0263	(11) 0264	(12) 0289	(13) 0490	(14) 0267	(15) 0456	(16) 0269
1	First-Class Mail									
2	Single Piece Letters	101	53,814	1,379	580,708	341,662	441,039	0	488,696	0
3	Presort Letters	102	32,803	696	416,957	125,019	144,601	0	199,918	0
4	Total Letters	103	86,617	2,075	997,666	466,681	585,640	0	688,614	0
5	Single Piece Cards	104	3,186	87	5,197	14,079	20,856	0	24,110	0
6	Presort Cards	105	1,547	32	8,644	4,654	5,732	0	8,349	0
7	Total Cards	108	4,733	119	13,841	18,733	26,588	0	32,459	0
8	Total First-Class	109	91,350	2,194	1,011,507	485,414	612,227	0	721,073	0
9	Priority Mail	110	23,064	76	1,163,393	77,842	122,186	0	75,291	0
10	Express Mail	111	2,729	15	106,284	13,792	19,948	0	16,054	0
11	Mailgrams	112	14	0	0	6	7	0	14	0
12	Periodicals									
13	Within County	113	1,057	10	86	1,825	1,744	0	3,065	0
14	Outside County	117	13,670	271	247,643	63,362	61,095	0	91,022	0
15	Total Periodicals	123	14,727	281	247,728	65,187	62,839	0	94,087	0
16	Standard Mail									
17	Enhanced Carr Rte	126	36,113	466	89,836	56,605	62,541	0	110,329	0
18	Regular	127	54,108	1,295	406,511	267,155	278,485	0	387,442	0
19	Total Standard Mail	135	90,222	1,761	496,346	323,760	341,026	0	497,772	0
20	Package Services									
21	Parcel Post	136	20,313	32	347,454	27,589	19,085	0	29,139	0
22	Bound Printed Matter	137	10,746	36	70,715	15,243	11,943	0	18,122	0
23	Media Mail	139	3,937	18	110,452	12,981	8,553	0	12,250	0
24	Total Package Services	141	34,995	85	528,620	55,813	39,581	0	59,510	0
25	U.S. Postal Service	142	1,180	29	21,393	19,830	14,706	0	20,877	0
26	Free Mail	147	297	2	6,948	1,432	1,118	0	1,572	0
27	International Mail	161	2,866	22	841,213	25,073	18,742	0	28,770	0
28	Total All Mail	162	261,444	4,465	4,423,434	1,068,145	1,232,382	0	1,515,021	0
29	Special Services									
30	Registry	163	282	3	0	3,279	2,145	0	3,349	0
31	Certified	164	4,361	62	0	10,712	10,341	0	19,691	0
32	Insurance	165	484	4	0	1,930	1,529	0	2,984	0
33	Cod	166	59	0	0	152	140	0	263	0
34	Money Orders	168	28	0	0	5,085	9,935	0	5,725	0
35	Stamped Cards	159	0	0	0	1	1,204	0	1	0
36	Stamped Envelopes	169	0	0	0	256	6,492	0	285	0
37	Special Handling	170	0	0	0	134	77	0	115	0
38	Post Office Box	171	1	1	0	205,032	17,464	0	20,589	0
39	Other	172	1,769	22	0	6,478	7,532	0	11,148	0
40	Total Special Services	173	6,985	91	0	233,058	56,861	0	64,150	0
41	Total Volume Variable	198	268,429	4,557	4,423,434	1,301,207	1,289,243	0	1,579,171	0
42	Other Costs	199	723,495	296,113	827,706	623,039	1,719,246	56,991	3,144,975	62,728
43	Total Costs	200	991,925	300,669	5,251,141	1,924,246	3,008,489	56,991	4,724,146	62,728

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 Cost Segments and Components (\$ In '000s)
 CS1 Postmasters

Line No.	Class, Subclass, or Special Service	Class	Postmasters EAS 23 & Below	Postmasters EAS 24 & Above	CS 1 Postmasters
	Column Number		(1.1)	(1.2)	(1)
	Component		0001	0002	0251
1	First-Class Mail				
2	Single Piece Letters	101	114,968	0	114,968
3	Presort Letters	102	85,558	0	85,558
4	Total Letters	103	200,526	0	200,526
5	Single Piece Cards	104	3,434	0	3,434
6	Presort Cards	105	3,147	0	3,147
7	Total Cards	108	6,581	0	6,581
8	Total First-Class	109	207,107	0	207,107
9	Priority Mail	110	25,243	0	25,243
10	Express Mail	111	4,883	0	4,883
11	Mailgrams	112	0	0	0
12	Periodicals				
13	Within County	113	416	0	416
14	Outside County	117	12,062	0	12,062
15	Total Periodicals	123	12,478	0	12,478
16	Standard Mail				
17	Enhanced Carr Rte	126	33,036	0	33,036
18	Regular	127	76,415	0	76,415
19	Total Standard Mail	135	109,451	0	109,451
20	Package Services				
21	Parcel Post	136	6,919	0	6,919
22	Bound Printed Matter	137	3,449	0	3,449
23	Media Mail	139	2,150	0	2,150
24	Total Package Services	141	12,518	0	12,518
25	U.S. Postal Service	142	0	0	0
26	Free Mail	147	0	0	0
27	International Mail	161	8,378	0	8,378
28	Total All Mail	162	380,059	0	380,059
29	Special Services				
30	Registry	163	285	0	285
31	Certified	164	3,591	0	3,591
32	Insurance	165	580	0	580
33	Cod	166	58	0	58
34	Money Orders	168	1,329	0	1,329
35	Stamped Cards	159	9	0	9
36	Stamped Envelopes	169	114	0	114
37	Special Handling	170	39	0	39
38	Post Office Box	171	4,594	0	4,594
39	Other	172	3,351	0	3,351
40	Total Special Services	173	13,951	0	13,951
41	Total Volume Variable	198	394,011	0	394,011
42	Other Costs	199	1,730,269	51,522	1,781,791
43	Total Costs	200	2,124,279	51,522	2,175,801

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Cost Segments and Components (\$ in '000s)
CS2 Supervisors & Technicians

Line No.	Class, Subclass, or Special Service Column Number	Class	Supv - Mail Processing (2.1)	Supv - Central Mail Mark-up (2.1)	Subtotal (2.1)	Supv - Window Service (2.2)	Supv - Time & Admin Support (2.3)	City Delivery Carriers (2.4)	Supv - Rural Delivery Carriers (2.4)	Supv - Vehicle Service (2.4)
1	First-Class Mail				0820	0007	0009	0020	0674	0675
2	Single Piece Letters	101	262,121	20,262	282,383	36,064	15,805	171,816	3,512	1,529
3	Presort Letters	102	88,829	14,049	102,878	1,774	6,484	89,053	3,439	1,608
4	Total Letters	103	350,951	34,311	385,261	37,838	22,289	260,869	6,951	3,137
5	Single Piece Cards	104	10,561	798	11,359	2,545	783	10,925	244	14
6	Presort Cards	105	3,095	790	3,886	157	272	4,240	199	26
7	Total Cards	108	13,657	1,568	15,245	2,701	1,055	15,165	443	40
8	Total First-Class	109	364,607	35,899	400,506	40,540	23,344	276,033	7,394	3,177
9	Priority Mail	110	49,213	476	49,689	5,518	2,404	11,590	470	4,518
10	Express Mail	111	10,193	109	10,302	2,856	516	2,744	128	103
11	Mailgrams	112	1	0	1	0	0	14	0	0
12	Periodicals	113	889	67	956	13	100	1,420	143	127
13	Within County	114	52,887	5,747	58,634	113	2,943	28,931	1,571	1,965
14	Outside County	117	53,776	5,815	59,590	126	3,042	30,351	1,714	2,092
15	Total Periodicals	123								
16	Standard Mail	126	20,513	261	20,774	402	3,595	62,297	5,767	2,923
17	Enhanced Car Rate	127	193,223	3,833	197,056	4,063	12,533	154,320	6,626	3,366
18	Regular	135	213,736	4,095	217,830	4,465	16,126	216,617	12,413	6,289
19	Total Standard Mail									
20	Package Services									
21	Parcel Post	136	14,820	71	14,891	1,234	934	5,522	385	4,814
22	Bound Printed Matter	137	8,439	445	8,884	216	583	5,894	277	1,832
23	Media Mail	139	7,090	66	7,156	656	391	2,705	128	628
24	Total Package Services	141	30,348	582	30,931	2,106	1,907	14,121	790	7,275
25	U.S. Postal Service	142	14,267	2,724	16,991	3,378	668	2,751	31	261
26	Free Mail	147	992	50	1,042	16	50	323	30	41
27	International Mail	161	18,599	268	18,867	2,253	819	2,829	54	486
28	Total All Mail	162	755,731	50,018	805,750	61,258	48,880	557,374	23,024	24,242
29	Special Services									
30	Registry	163	2,215	0	2,215	419	107	458	50	0
31	Certified	164	2,287	0	2,287	5,582	642	8,725	1,052	0
32	Insurance	165	37	0	37	2,022	97	604	157	0
33	Cod	166	42	0	42	69	9	75	20	0
34	Money Orders	168	0	0	0	7,020	184	0	16	0
35	Stamped Cards	169	0	0	0	0	0	0	0	0
36	Stamped Envelopes	169	0	0	0	351	9	0	0	0
37	Special Handling	170	76	0	76	40	4	0	0	0
38	Post Office Box	171	322	0	322	7,191	455	86	0	0
39	Other	172	3,082	1,268	4,350	3,937	363	3,380	318	0
40	Total Special Services	173	8,061	1,268	9,329	26,630	1,869	13,328	1,613	0
41	Total Volume Variable	198	763,793	51,286	815,079	87,888	50,749	570,703	24,637	24,242
42	Other Costs	199	161,383	10,309	171,692	120,625	36,378	535,604	32,677	15,566
43	Total Costs	200	925,176	61,595	986,771	208,513	87,127	1,106,307	57,314	39,808

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 Cost Segments and Components (\$ in '000s)
 CS2 Supervisors & Technicians

Line No.	Class, Subclass, or Special Service	Class	Subtotal	Employee & Labor Relations	Higher Level Supervisors	General Supv of Mail Processing	General Supv of Collection & Deliv	Supv - Training	Supv - Quality Control/Rev Protect	Joint Supv Clerks & Carriers	Product Specific and Other Supv & Tech Activities
	Column Number		(2.4)	(2.5)	(2.5)	(2.5)	(2.5)	(2.5)	(2.5)	(2.5)	(2.5)
1	First-Class Mail		0821	0029	0030	0031	0032	0601	0676	0678	0033
2	Single Piece Letters	101	176,857	25	25,665	0	0	6,064	11,420	74,803	0
3	Presort Letters	102	94,100	10	10,410	0	0	2,407	4,148	28,505	0
4	Total Letters	103	270,957	35	36,075	0	0	8,471	15,568	103,308	0
5	Single Piece Cards	104	11,183	1	1,279	0	0	305	3,740	505	0
6	Presort Cards	105	4,465	0	439	0	0	102	152	1,177	0
7	Total Cards	108	15,648	2	1,718	0	0	407	657	4,917	0
8	Total First-Class	109	286,604	36	37,793	0	0	8,878	16,225	108,224	0
9	Priority Mail	110	16,578	4	3,822	0	0	880	1,837	10,781	0
10	Express Mail	111	2,975	1	823	0	0	197	370	2,485	0
11	Mailgrams	112	14	0	1	0	0	0	0	2	0
12	Periodicals										
13	Within County	113	1,690	0	160	0	0	32	47	362	0
14	Outside County	117	32,467	5	4,800	0	0	1,111	2,372	13,229	0
15	Total Periodicals	123	34,158	5	4,960	0	0	1,143	2,419	13,591	0
16	Standard Mail										
17	Enhanced Car Rte	126	71,008	6	5,762	0	0	1,103	1,342	12,719	0
18	Regular	127	164,311	19	20,293	0	0	4,480	8,918	56,069	0
19	Total Standard Mail	135	235,319	25	26,055	0	0	5,583	10,261	68,788	0
20	Package Services										
21	Parcel Post	136	10,722	1	1,487	0	0	320	544	3,472	0
22	Bound Printed Matter	137	8,003	1	932	0	0	204	329	2,315	0
23	Media Mail	139	3,461	1	620	0	0	137	268	1,660	0
24	Total Package Services	141	22,186	3	3,039	0	0	662	1,141	7,467	0
25	U.S. Postal Service	142	3,043	1	1,090	0	0	283	561	3,292	0
26	Free Mail	147	394	0	81	0	0	17	38	218	0
27	International Mail	161	3,369	1	1,293	0	0	301	692	3,845	0
28	Total All Mail	162	604,641	76	78,957	0	0	17,944	33,543	218,693	0
29	Special Services										
30	Registry	163	509	0	170	0	0	38	79	494	0
31	Certified	164	9,777	1	1,035	0	0	209	149	2,364	0
32	Insurance	165	760	0	156	0	0	33	3	360	0
33	Cod	166	95	0	13	0	0	3	2	27	0
34	Money Orders	168	16	0	295	0	0	82	0	921	0
35	Stamped Cards	159	0	0	0	0	0	0	0	0	0
36	Stamped Envelopes	169	0	0	15	0	0	4	0	46	0
37	Special Handling	170	0	0	5	0	0	1	3	18	0
38	Post Office Box	171	86	1	319	0	0	88	13	1,009	0
39	Other	172	3,698	1	581	0	0	141	126	1,533	0
40	Total Special Services	173	14,941	3	2,590	0	0	601	375	6,791	0
41	Total Volume Variable	198	619,582	79	81,547	0	0	18,545	33,918	225,484	0
42	Other Costs	199	583,848	56	209,674	0	0	19,630	6,762	123,348	889,358
43	Total Costs	200	1,203,429	135	291,221	0	0	38,175	40,681	348,832	889,358

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 Cost Segments and Components (\$ in '000s)
 CS2 Supervisors & Technicians

Line No.	Class, Subclass, or Special Service Column Number	Class	Subtotal 2.5 (2.5)	Total CS 2 (2)
1	First-Class Mail		0822	0284
2	Single Piece Letters	101	117,976	829,085
3	Presort Letters	102	45,480	250,716
4	Total Letters	103	163,456	879,802
5	Single Piece Cards	104	5,830	31,700
6	Presort Cards	105	1,870	10,649
7	Total Cards	108	7,700	42,349
8	Total First-Class	109	171,157	922,151
9	Priority Mail	110	17,323	91,513
10	Express Mail	111	3,875	20,525
11	Mailables	112	3	19
12	Periodicals	113	602	3,360
13	Within County	117	21,517	115,674
14	Outside County	123	22,118	119,034
15	Total Periodicals			
16	Standard Mail			
17	Enhanced Car Rate	126	20,931	116,709
18	Regular	127	89,780	467,743
19	Total Standard Mail	135	110,711	584,453
20	Package Services			
21	Parcel Post	136	5,825	33,605
22	Bound Printed Matter	137	3,781	21,467
23	Media Mail	139	2,707	14,370
24	Total Package Services	141	12,312	69,442
25	U.S. Postal Service	142	5,227	29,307
26	Free Mail	147	355	1,857
27	International Mail	161	6,132	31,440
28	Total All Mail	162	349,213	1,869,741
29	Special Services			
30	Registry	163	781	4,031
31	Certified	164	3,777	22,065
32	Insurance	165	553	3,469
33	Cod	166	45	259
34	Money Orders	168	1,298	8,518
35	Stamped Cards	159	0	0
36	Stamped Envelopes	169	65	424
37	Special Handling	170	28	147
38	Post Office Box	171	1,431	9,484
39	Other	172	2,382	14,730
40	Total Special Services	173	10,360	63,129
41	Total Volume Variable	198	359,572	1,932,870
42	Other Costs	199	1,248,830	2,161,372
43	Total Costs	200	1,608,402	4,094,243

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 Cost Segments and Components (\$ in '000s)
 CS3 Clerks and Mailhandlers

Line No.	Class, Subclass, or Special Service	Class	Mail Processing	Window Service	Admin Clerks	Product Specific Admin	Time & Attend and Admin Support	Subtotal	Total CS 3
	Column Number		(3.1)	(3.2)	(3.3)	(3.3)	(3.3)	(3.3)	(3)
	Component		0035	0040	0476	0227	0228	0824	0478
1	First-Class Mail								
2	Single Piece Letters	101	4,165,354	452,162	211,690	0	17,651	229,341	4,846,857
3	Presort Letters	102	1,406,261	22,246	90,418	0	7,241	97,660	1,526,167
4	Total Letters	103	5,571,616	474,408	302,108	0	24,892	327,000	6,373,024
5	Single Piece Cards	104	168,638	31,910	10,085	0	875	10,960	211,508
6	Presort Cards	105	48,726	1,961	4,106	0	303	4,409	55,096
7	Total Cards	108	217,363	33,871	14,191	0	1,178	15,370	266,604
8	Total First-Class	109	5,788,979	508,280	316,300	0	26,070	342,370	6,639,628
9	Priority Mail	110	782,784	69,185	27,784	0	2,685	30,469	882,438
10	Express Mail	111	162,052	35,816	6,187	0	577	6,764	204,632
11	Mailgrams	112	19	0	5	0	1	6	25
12	Periodicals								
13	Within County	113	14,302	158	1,417	0	111	1,528	15,988
14	Outside County	117	835,603	1,418	35,887	0	3,287	39,174	876,194
15	Total Periodicals	123	849,904	1,575	37,305	0	3,398	40,702	892,182
16	Standard Mail								
17	Enhanced Carr Rte	126	328,179	5,042	45,470	0	4,014	49,484	382,705
18	Regular	127	3,073,511	50,942	162,287	0	13,997	176,284	3,300,737
19	Total Standard Mail	135	3,401,690	55,984	207,757	0	18,011	225,768	3,683,442
20	Package Services								
21	Parcel Post	136	235,686	15,470	9,950	0	1,043	10,993	262,149
22	Bound Printed Matter	137	135,335	2,709	6,244	0	651	6,895	144,939
23	Media Mail	139	113,921	8,219	4,412	0	436	4,849	126,989
24	Total Package Services	141	484,942	26,397	20,606	0	2,130	22,736	534,076
25	U.S. Postal Service	142	225,373	42,358	12,009	0	747	12,755	280,486
26	Free Mail	147	15,930	203	561	0	56	617	16,750
27	International Mail	161	298,419	28,254	10,333	0	915	11,248	337,920
28	Total All Mail	162	12,010,092	768,051	638,847	0	54,589	693,435	13,471,579
29	Special Services								
30	Registry	163	35,645	5,255	1,614	0	120	1,734	42,634
31	Certified	164	36,734	69,977	5,915	0	716	6,631	113,342
32	Insurance	165	593	25,350	1,019	0	108	1,128	27,071
33	Cod	166	672	854	78	0	10	88	1,614
34	Money Orders	168	0	88,017	1,910	0	206	2,116	90,133
35	Stamped Cards	159	0	0	0	0	0	0	0
36	Stamped Envelopes	169	0	4,398	94	0	10	105	4,503
37	Special Handling	170	1,221	502	42	0	4	46	1,769
38	Post Office Box	171	5,177	90,158	2,077	0	508	2,585	97,921
39	Other	172	49,604	49,362	4,576	0	405	4,981	103,946
40	Total Special Services	173	129,646	333,873	17,327	0	2,087	19,414	482,934
41	Total Volume Variable	198	12,139,739	1,101,924	656,173	0	56,676	712,849	13,954,512
42	Other Costs	199	2,564,408	1,512,382	524,745	9,907	40,626	575,279	4,652,069
43	Total Costs	200	14,704,147	2,614,306	1,180,919	9,907	97,302	1,288,128	18,606,582

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 Cost Segments and Components (\$ in '000s)
 CS4 Clerks, Cag K Post Offices

Line No.	Class, Subclass, or Special Service	Class	Total CS 4
	Column Number		(4.1)
	Component		0254
1	First-Class Mail		
2	Single Piece Letters	101	1,750
3	Presort Letters	102	593
4	Total Letters	103	2,343
5	Single Piece Cards	104	70
6	Presort Cards	105	20
7	Total Cards	108	90
8	Total First-Class	109	2,433
9	Priority Mail	110	235
10	Express Mail	111	0
11	Mailgrams	112	0
12	Periodicals		
13	Within County	113	6
14	Outside County	117	461
15	Total Periodicals	123	467
16	Standard Mail		
17	Enhanced Carr Rte	126	108
18	Regular	127	1,024
19	Total Standard Mail	135	1,132
20	Package Services		
21	Parcel Post	136	0
22	Bound Printed Matter	137	0
23	Media Mail	139	0
24	Total Package Services	141	0
25	U.S. Postal Service	142	185
26	Free Mail	147	0
27	International Mail	161	0
28	Total All Mail	162	4,452
29	Special Services		
30	Registry	163	47
31	Certified	164	49
32	Insurance	165	1
33	Cod	166	1
34	Money Orders	168	0
35	Stamped Cards	159	0
36	Stamped Envelopes	169	0
37	Special Handling	170	2
38	Post Office Box	171	6
39	Other	172	66
40	Total Special Services	173	172
41	Total Volume Variable	198	4,624
42	Other Costs	199	2,144
43	Total Costs	200	6,768

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 Cost Segments and Components (\$ In '000s)
 CS6 City Delivery Carriers, Office

Line No.	Class, Subclass, or Special Service	Class	In-Office Direct Labor	In-Office Support Overhead	In-Office Support Other (USPS Only)	Carriers CAG K Offices	Subtotal	Total CS 6
	Column Number		(6.1)	(6.2)	(6.2)	(6.2)	(6.2)	(6)
	Component		0043	0044	0604	0045	0837	0256
1	First-Class Mail							
2	Single Piece Letters	101	931,034	211,749	88,677	133	300,560	1,231,594
3	Presort Letters	102	447,933	102,031	46,266	64	148,361	596,294
4	Total Letters	103	1,378,967	313,780	134,943	198	448,921	1,827,888
5	Single Piece Cards	104	58,197	13,215	5,644	8	18,867	77,064
6	Presort Cards	105	18,902	4,304	2,204	3	6,511	25,412
7	Total Cards	108	77,098	17,519	7,847	11	25,378	102,476
8	Total First-Class	109	1,456,065	331,299	142,791	209	474,299	1,930,364
9	Priority Mail	110	37,343	8,457	5,519	6	13,982	51,325
10	Express Mail	111	5,239	1,186	1,253	1	2,440	7,679
11	Mailgrams	112	0	0	6	0	6	6
12	Periodicals							
13	Within County	113	6,943	1,572	733	1	2,306	9,249
14	Outside County	117	223,999	50,719	14,949	32	65,700	289,699
15	Total Periodicals	123	230,943	52,290	15,682	33	68,005	298,948
16	Standard Mail							
17	Enhanced Carr Rte	126	280,404	63,510	32,387	41	95,937	376,341
18	Regular	127	930,350	211,169	80,155	133	291,417	1,221,767
19	Total Standard Mail	135	1,210,754	274,679	112,502	174	387,354	1,598,108
20	Package Services							
21	Parcel Post	136	8,332	1,886	2,681	1	4,567	12,900
22	Bound Printed Matter	137	13,629	3,086	2,762	2	5,850	19,480
23	Media Mail	139	7,601	1,721	1,301	1	3,022	10,623
24	Total Package Services	141	29,562	6,693	6,743	4	13,440	43,002
25	U.S. Postal Service	142	25,876	5,899	1,416	4	7,319	33,196
26	Free Mail	147	992	225	168	0	393	1,385
27	International Mail	161	16,154	3,665	1,391	2	5,058	21,212
28	Total All Mail	162	3,012,929	684,394	287,470	433	972,297	3,985,226
29	Special Services							
30	Registry	163	881	199	234	0	433	1,314
31	Certified	164	31,149	7,052	4,546	5	11,603	42,752
32	Insurance	165	1,147	260	315	0	575	1,722
33	Cod	166	373	85	38	0	122	495
34	Money Orders	168	0	0	0	0	0	0
35	Stamped Cards	159	0	0	0	0	0	0
36	Stamped Envelopes	169	0	0	0	0	0	0
37	Special Handling	170	0	0	0	0	0	0
38	Post Office Box	171	954	216	44	0	260	1,214
39	Other	172	7,790	1,763	1,752	1	3,516	11,307
40	Total Special Services	173	42,295	9,574	6,929	6	16,509	58,804
41	Total Volume Variable	198	3,055,223	693,969	294,399	439	988,807	4,044,030
42	Other Costs	199	460,477	104,588	276,492	91	381,171	841,648
43	Total Costs	200	3,515,700	798,557	570,891	530	1,369,977	4,885,678

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 Cost Segments and Components (\$ in '000s)
 CS7 City Delivery Carriers, Street

Line No.	Class, Subclass, or Special Service	Class	Network Travel	Access (PRC Only)	Delivery Activities	Street Support	Total CS 7
	Column Number		(7.1)	(7.2)	(7.3)	(7.4)	(7)
	Component		0054	0048	0046	0280	0838
1	First-Class Mail						
2	Single Piece Letters	101	0	0	1,048,463	135,159	1,183,622
3	Presort Letters	102	0	0	583,878	71,114	654,992
4	Total Letters	103	0	0	1,632,341	206,273	1,838,614
5	Single Piece Cards	104	0	0	67,914	8,686	76,600
6	Presort Cards	105	0	0	30,464	3,716	34,181
7	Total Cards	108	0	0	98,378	12,402	110,781
8	Total First-Class	109	0	0	1,730,719	218,675	1,949,394
9	Priority Mail	110	0	0	93,613	18,259	111,872
10	Express Mail	111	0	0	25,487	5,466	30,953
11	Mailgrams	112	0	0	162	38	200
12	Periodicals						
13	Within County	113	0	0	9,524	1,216	10,740
14	Outside County	117	0	0	104,364	13,332	117,696
15	Total Periodicals	123	0	0	113,887	14,548	128,436
16	Standard Mail						
17	Enhanced Carr Rte	126	0	0	446,484	54,312	500,796
18	Regular	127	0	0	846,064	102,898	948,962
19	Total Standard Mail	135	0	0	1,292,548	157,210	1,449,758
20	Package Services						
21	Parcel Post	136	0	0	55,452	9,419	64,871
22	Bound Printed Matter	137	0	0	52,941	10,577	63,518
23	Media Mail	139	0	0	23,201	4,269	27,471
24	Total Package Services	141	0	0	131,595	24,265	155,860
25	U.S. Postal Service	142	0	0	4,687	661	5,348
26	Free Mail	147	0	0	2,816	351	3,167
27	International Mail	161	0	0	15,648	2,963	18,611
28	Total All Mail	162	0	0	3,411,163	442,436	3,853,599
29	Special Services						
30	Registry	163	0	0	4,520	614	5,134
31	Certified	164	0	0	71,498	8,622	80,120
32	Insurance	165	0	0	6,052	730	6,782
33	Cod	166	0	0	489	73	561
34	Money Orders	168	0	0	0	0	0
35	Stamped Cards	169	0	0	0	0	0
36	Stamped Envelopes	169	0	0	0	0	0
37	Special Handling	170	0	0	0	0	0
38	Post Office Bcx	171	0	0	0	0	0
39	Other	172	0	0	32,243	4,035	36,278
40	Total Special Services	173	0	0	114,801	14,074	128,874
41	Total Volume Variable	198	0	0	3,525,964	456,509	3,982,473
42	Other Costs	199	1,310,338	0	4,627,498	761,036	6,698,872
43	Total Costs	200	1,310,338	0	8,153,462	1,217,545	10,681,346

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 Cost Segments and Components (\$ in '000s)
 CS8 Vehicle Service Drivers

Line No.	Class, Subclass, or Special Service	Class	Total CS 8
	Column Number		(8)
	Component		0258
1	First-Class Mail		
2	Single Piece Letters	101	23,411
3	Presort Letters	102	24,619
4	Total Letters	103	48,030
5	Single Piece Cards	104	213
6	Presort Cards	105	400
7	Total Cards	108	613
8	Total First-Class	109	48,643
9	Priority Mail	110	69,167
10	Express Mail	111	1,578
11	Mailgrams	112	0
12	Periodicals		
13	Within County	113	1,953
14	Outside County	117	30,086
15	Total Periodicals	123	32,040
16	Standard Mail		
17	Enhanced Carr Rte	126	44,747
18	Regular	127	51,526
19	Total Standard Mail	135	96,273
20	Package Services		
21	Parcel Post	136	73,701
22	Bound Printed Matter	137	28,057
23	Media Mail	139	9,611
24	Total Package Services	141	111,369
25	U.S. Postal Service	142	3,996
26	Free Mail	147	633
27	International Mail	161	7,427
28	Total All Mail	162	371,125
29	Special Services		
30	Registry	163	0
31	Certified	164	0
32	Insurance	165	0
33	Cod	166	0
34	Money Orders	168	0
35	Stamped Cards	159	0
36	Stamped Envelopes	169	0
37	Special Handling	170	0
38	Post Office Box	171	0
39	Other	172	0
40	Total Special Services	173	0
41	Total Volume Variable	198	371,125
42	Other Costs	199	238,307
43	Total Costs	200	609,432

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 Cost Segments and Components (\$ in '000s)
 CS10 Rural Carriers

Line No.	Class, Subclass, or Special Service	Class	Evaluated Routes (10.1)	Other Routes (10.2)	Equipment Maintenance Allowance (10.3)	Total CS 10 (10)
	Column Number		0069	0070	0073	0260
1	First-Class Mail					
2	Single Piece Letters	101	289,546	23,909	0	313,456
3	Presort Letters	102	283,697	23,407	0	307,104
4	Total Letters	103	573,243	47,316	0	620,559
5	Single Piece Cards	104	19,967	1,765	0	21,732
6	Presort Cards	105	16,405	1,389	0	17,795
7	Total Cards	108	36,372	3,154	0	39,526
8	Total First-Class	109	609,615	50,471	0	660,086
9	Priority Mail	110	38,785	3,245	0	42,031
10	Express Mail	111	10,503	939	0	11,441
11	Mailgrams	112	4	0	0	4
12	Periodicals					
13	Within County	113	11,905	909	0	12,814
14	Outside County	117	130,452	9,961	0	140,413
15	Total Periodicals	123	142,357	10,869	0	153,227
16	Standard Mail					
17	Enhanced Carr Rte	126	479,449	37,936	0	517,385
18	Regular	127	548,020	44,031	0	592,051
19	Total Standard Mail	135	1,027,469	81,966	0	1,109,435
20	Package Services					
21	Parcel Post	136	31,808	2,665	0	34,473
22	Bound Printed Matter	137	22,891	1,868	0	24,759
23	Media Mail	139	10,559	880	0	11,439
24	Total Package Services	141	65,258	5,412	0	70,671
25	U.S. Postal Service	142	2,477	209	0	2,686
26	Free Mail	147	2,495	218	0	2,713
27	International Mail	161	4,460	372	0	4,833
28	Total All Mail	162	1,903,424	153,702	0	2,057,126
29	Special Services					
30	Registry	163	4,146	371	0	4,517
31	Certified	164	86,297	7,709	0	94,006
32	Insurance	165	12,854	1,151	0	14,005
33	Cod	166	1,610	141	0	1,751
34	Money Orders	168	1,283	142	0	1,425
35	Stamped Cards	159	0	0	0	0
36	Stamped Envelopes	169	0	0	0	0
37	Special Handling	170	0	0	0	0
38	Post Office Box	171	0	0	0	0
39	Other	172	24,663	3,821	0	28,483
40	Total Special Services	173	130,853	13,335	0	144,187
41	Total Volume Variable	198	2,034,277	167,037	0	2,201,313
42	Other Costs	199	2,684,526	236,519	453,007	3,374,052
43	Total Costs	200	4,718,803	403,556	453,007	5,575,365

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 Cost Segments and Components (\$ in '000s)
 CS11 Custodial and Maint Svcs

Line No.	Class, Subclass, or Special Service	Class	Custodial Personnel	Contract Cleaners	Operating Equipment Maintenance	Plant & Building Equipment Maintenance	Total CS 11
	Column Number		(11.1.1)	(11.1.2)	(11.2)	(11.3)	(11)
	Component		0074	0081	0075	0079	0482
1	First-Class Mail						
2	Single Piece Letters	101	171,565	14,171	379,447	83,052	648,234
3	Presort Letters	102	62,562	5,167	141,019	30,286	239,034
4	Total Letters	103	234,127	19,338	520,465	113,338	887,268
5	Single Piece Cards	104	6,934	573	12,348	3,357	23,211
6	Presort Cards	105	2,299	190	3,944	1,113	7,547
7	Total Cards	108	9,233	763	16,292	4,470	30,758
8	Total First-Class	109	243,360	20,101	536,757	117,808	918,026
9	Priority Mail	110	39,257	3,242	27,180	19,004	88,683
10	Express Mail	111	6,842	565	909	3,312	11,629
11	Mailgrams	112	3	0	0	1	4
12	Periodicals						
13	Within County	113	911	75	394	441	1,822
14	Outside County	117	32,320	2,670	40,483	15,646	91,117
15	Total Periodicals	123	33,231	2,745	40,877	16,087	92,939
16	Standard Mail						
17	Enhanced Carr Rte	126	27,868	2,302	20,165	13,490	63,825
18	Regular	127	134,830	11,137	255,682	65,270	466,919
19	Total Standard Mail	135	162,698	13,438	275,848	78,760	530,744
20	Package Services						
21	Parcel Post	136	13,851	1,144	14,768	6,705	36,469
22	Bound Printed Matter	137	7,632	630	10,758	3,695	22,714
23	Media Mail	139	6,536	540	8,469	3,164	18,708
24	Total Package Services	141	28,019	2,314	33,995	13,564	77,891
25	U.S. Postal Service	142	9,970	824	10,245	4,826	25,865
26	Free Mail	147	719	59	1,016	348	2,143
27	International Mail	161	12,624	1,043	16,570	6,111	36,348
28	Total All Mail	162	536,724	44,332	943,396	259,821	1,784,272
29	Special Services						
30	Registry	163	1,595	132	624	772	3,123
31	Certified	164	4,963	410	368	2,402	8,143
32	Insurance	165	899	74	7	435	1,415
33	Cod	166	71	6	8	34	119
34	Money Orders	168	2,368	196	0	1,146	3,710
35	Stamped Cards	169	0	0	0	0	0
36	Stamped Envelopes	169	119	10	0	58	187
37	Special Handling	170	68	6	26	33	132
38	Post Office Box	171	93,898	7,756	2	45,455	147,111
39	Other	172	3,057	252	3,134	1,480	7,923
40	Total Special Services	173	107,036	8,841	4,169	51,815	171,862
41	Total Volume Variable	198	643,760	53,173	947,566	311,636	1,956,134
42	Other Costs	199	419,232	34,627	484,033	202,945	1,140,837
43	Total Costs	200	1,062,992	87,800	1,431,599	514,580	3,096,972

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 Cost Segments and Components (\$ in '000s)
 CS12 Motor Vehicle Service

Line No.	Class, Subclass, or Special Service	Class	Personnel (12.1) 0090	Supplies & Materials (12.2) 0099	Vehicle Hire (12.3) 0108	Total CS 12 (12) 0262
	Column Number		(12.1)	(12.2)	(12.3)	(12)
	Component		0090	0099	0108	0262
1	First-Class Mail					
2	Single Piece Letters	101	22,376	28,826	2,612	53,814
3	Presort Letters	102	13,470	17,915	1,418	32,803
4	Total Letters	103	35,846	46,741	4,030	86,617
5	Single Piece Cards	104	1,344	1,681	161	3,186
6	Presort Cards	105	652	831	64	1,547
7	Total Cards	108	1,996	2,512	225	4,733
8	Total First-Class	109	37,842	49,253	4,255	91,350
9	Priority Mail	110	8,773	13,640	451	23,064
10	Express Mail	111	1,177	1,506	46	2,729
11	Mailgrams	112	6	8	0	14
12	Periodicals					
13	Within County	113	419	608	30	1,057
14	Outside County	117	5,255	7,884	531	13,670
15	Total Periodicals	123	5,674	8,492	562	14,727
16	Standard Mail					
17	Enhanced Carr Rte	126	14,652	20,348	1,113	36,113
18	Regular	127	21,936	29,716	2,456	54,108
19	Total Standard Mail	135	36,588	50,065	3,569	90,222
20	Package Services					
21	Parcel Post	136	7,465	12,463	384	20,313
22	Bound Printed Matter	137	4,176	6,369	201	10,746
23	Media Mail	139	1,540	2,318	79	3,937
24	Total Package Services	141	13,181	21,151	664	34,995
25	U.S. Postal Service	142	425	701	54	1,180
26	Free Mail	147	117	174	6	297
27	International Mail	161	1,108	1,688	71	2,866
28	Total All Mail	162	104,889	146,876	9,679	261,444
29	Special Services					
30	Registry	163	123	153	6	282
31	Certified	164	1,870	2,359	132	4,361
32	Insurance	165	209	265	9	484
33	Cod	166	25	32	2	59
34	Money Orders	168	12	16	0	28
35	Stamped Cards	169	0	0	0	0
36	Stamped Envelopes	169	0	0	0	0
37	Special Handling	170	0	0	0	0
38	Post Office Box	171	0	0	1	1
39	Other	172	761	956	53	1,769
40	Total Special Services	173	3,000	3,782	204	6,985
41	Total Volume Variable	198	107,888	150,658	9,883	268,429
42	Other Costs	199	312,657	400,514	10,324	723,495
43	Total Costs	200	420,545	551,172	20,207	991,925

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 Cost Segments and Components (\$ in '000s)
 CS13 Misc Local Operations

Line No.	Class, Subclass, or Special Service	Class	Contract Stations	Carfare	Driveout	Tolls and Ferriage	Subtotal	Fed Reserve and Commercial Banks	Employee Awards	Mail Equipment Shops Personnel	CAG L Rental Allowance
	Column Number		(13.1)	(13.2)	(13.2)	(13.2)	(13.2)	(13.3)	(13.4)	(13.5)	(13.6)
	Component		0111	0135	0141	0113	0825	0125	0115	0826	0112
1	First-Class Mail										
2	Single Piece Letters	101	0	614	765	0	1,379	0	0	0	0
3	Presort Letters	102	0	310	366	0	696	0	0	0	0
4	Total Letters	103	0	924	1,152	0	2,075	0	0	0	0
5	Single Piece Cards	104	0	39	48	0	87	0	0	0	0
6	Presort Cards	105	0	15	17	0	32	0	0	0	0
7	Total Cards	108	0	54	65	0	119	0	0	0	0
8	Total First-Class	109	0	977	1,217	0	2,194	0	0	0	0
9	Priority Mail	110	0	34	42	0	76	0	0	0	0
10	Express Mail	111	0	7	8	0	15	0	0	0	0
11	Mailgrams	112	0	0	0	0	0	0	0	0	0
12	Periodicals										
13	Within County	113	0	4	6	0	10	0	0	0	0
14	Outside County	117	0	121	150	0	271	0	0	0	0
15	Total Periodicals	123	0	125	156	0	281	0	0	0	0
16	Standard Mail										
17	Enhanced Carr Rte	126	0	207	259	0	466	0	0	0	0
18	Regular	127	0	576	719	0	1,295	0	0	0	0
19	Total Standard Mail	135	0	783	977	0	1,761	0	0	0	0
20	Package Services										
21	Parcel Post	136	0	14	18	0	32	0	0	0	0
22	Bound Printed Matter	137	0	16	20	0	36	0	0	0	0
23	Media Mail	139	0	8	10	0	18	0	0	0	0
24	Total Package Services	141	0	38	47	0	85	0	0	0	0
25	U.S. Postal Service	142	0	13	16	0	29	0	0	0	0
26	Free Mail	147	0	0	2	0	2	0	0	0	0
27	International Mail	161	0	9	12	0	22	0	0	0	0
28	Total All Mail	162	0	1,987	2,478	0	4,465	0	0	0	0
29	Special Services										
30	Registry	163	0	1	2	0	3	0	0	0	0
31	Certified	164	0	28	34	0	62	0	0	0	0
32	Insurance	165	0	2	2	0	4	0	0	0	0
33	Cod	166	0	0	0	0	0	0	0	0	0
34	Money Orders	168	0	0	0	0	0	0	0	0	0
35	Stamped Cards	169	0	0	0	0	0	0	0	0	0
36	Stamped Envelopes	169	0	0	0	0	0	0	0	0	0
37	Special Handling	170	0	0	0	0	0	0	0	0	0
38	Post Office Box	171	0	0	1	0	1	0	0	0	0
39	Other	172	0	10	12	0	22	0	0	0	0
40	Total Special Services	173	0	40	51	0	91	0	0	0	0
41	Total Volume Variable	198	0	2,027	2,529	0	4,557	0	0	0	0
42	Other Costs	199	73,800	25,581	2,006	319	27,906	32,149	88,809	25,188	29
43	Total Costs	200	73,800	27,608	4,535	319	32,462	32,149	88,809	25,188	29

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Cost Segments and Components (\$ in '000s)
CS13 Misc Local Operations

Line No.	Class, Subclass, or Special Service	Column Number (13.7)	Other Local Operations	Total CS 13
1	First-Class Mail			
2	Single Piece Letters	101	0	1,379
3	Presort Letters	102	0	696
4	Total Letters	103	0	2,075
5	Single Piece Cards	104	0	87
6	Presort Cards	105	0	32
7	Total Cards	108	0	119
8	Total First-Class	109	0	2,194
9	Priority Mail	110	0	76
10	Express Mail	111	0	15
11	Mailgrams	112	0	0
12	Periodicals			
13	Within County	113	0	10
14	Outside County	117	0	271
15	Total Periodicals	123	0	281
16	Standard Mail			
17	Enhanced Car Rite	126	0	466
18	Regular	127	0	1,295
19	Total Standard Mail	135	0	1,761
20	Package Services			
21	Parcel Post	136	0	32
22	Bound Printed Matter	137	0	36
23	Media Mail	139	0	18
24	Total Package Services	141	0	85
25	U.S. Postal Service	142	0	29
26	Free Mail	147	0	2
27	International Mail	161	0	22
29	Total All Mail	162	0	4,465
29	Special Services			
30	Registry	163	0	3
31	Certified	164	0	62
32	Insurance	165	0	4
33	Cod	166	0	0
34	Money Orders	168	0	0
35	Stamped Cards	159	0	0
36	Stamped Envelopes	169	0	0
37	Special Handling	170	0	0
38	Post Office Box	171	0	1
39	Other	172	0	22
40	Total Special Services	173	0	91
41	Total Volume Variable	198	0	4,557
42	Other Costs	199	48,232	296,113
43	Total Costs	200	48,232	300,669

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 Cost Segments and Components (\$ in '000s)
 CS14 Transportation

Line No.	Class, Subclass, or Special Service	Class	Domestic Air	Domestic Alaska Air	Highway	Railroad	Domestic Water	Subtotal	International Transportation	Total CS 14
	Column Number		(14.1)	(14.1)	(14.1)	(14.1)	(14.1)	(14.1)	(14.2)	(14)
	Component		0142	0681	0143	0144	0145	0542	0828	0264
1	First-Class Mail									
2	Single Piece Letters	101	253,703	16	320,692	4,124	2,173	580,708	0	580,708
3	Presort Letters	102	234,510	0	178,834	2,716	898	416,957	0	416,957
4	Total Letters	103	488,213	16	499,525	6,840	3,071	997,666	0	997,666
5	Single Piece Cards	104	1,257	0	3,868	34	38	5,197	0	5,197
6	Presort Cards	105	3,937	0	4,611	70	25	8,644	0	8,644
7	Total Cards	108	5,195	0	8,479	105	63	13,841	0	13,841
8	Total First-Class	109	493,408	16	508,004	6,945	3,134	1,011,507	0	1,011,507
9	Priority Mail	110	764,768	67	387,421	8,276	2,861	1,163,393	0	1,163,393
10	Express Mail	111	85,319	0	20,085	708	172	106,284	0	106,284
11	Mailgrams	112	0	0	0	0	0	0	0	0
12	Periodicals									
13	Within County	113	0	0	83	1	1	86	0	86
14	Outside County	117	20,033	14	211,657	13,354	2,586	247,643	0	247,643
15	Total Periodicals	123	20,033	14	211,740	13,355	2,587	247,728	0	247,728
16	Standard Mail									
17	Enhanced Carr Rte	126	3,262	47	79,735	5,528	1,264	89,836	0	89,836
18	Regular	127	22,998	42	338,835	38,867	5,768	406,511	0	406,511
19	Total Standard Mail	135	26,261	89	418,570	44,395	7,032	496,346	0	496,346
20	Package Services									
21	Parcel Post	136	8,322	7,100	300,912	25,931	5,189	347,454	0	347,454
22	Bound Printed Matter	137	3,155	9	62,260	4,337	954	70,715	0	70,715
23	Media Mail	139	2,475	10	90,896	15,027	2,045	110,452	0	110,452
24	Total Package Services	141	13,952	7,119	454,067	45,295	8,187	528,620	0	528,620
25	U.S. Postal Service	142	8,530	20	12,369	306	169	21,393	0	21,393
26	Free Mail	147	1,447	0	5,071	352	78	6,948	0	6,948
27	International Mail	161	80,039	4	55,688	8,257	523	144,511	696,703	841,213
28	Total All Mail	162	1,493,757	7,329	2,073,015	127,888	24,742	3,726,731	696,703	4,423,434
29	Special Services									
30	Registry	163	0	0	0	0	0	0	0	0
31	Certified	164	0	0	0	0	0	0	0	0
32	Insurance	165	0	0	0	0	0	0	0	0
33	Cod	166	0	0	0	0	0	0	0	0
34	Money Orders	168	0	0	0	0	0	0	0	0
35	Stamped Cards	159	0	0	0	0	0	0	0	0
36	Stamped Envelopes	169	0	0	0	0	0	0	0	0
37	Special Handling	170	0	0	0	0	0	0	0	0
38	Post Office Box	171	0	0	0	0	0	0	0	0
39	Other	172	0	0	0	0	0	0	0	0
40	Total Special Services	173	0	0	0	0	0	0	0	0
41	Total Volume Variable	198	1,493,757	7,329	2,073,015	127,888	24,742	3,726,731	696,703	4,423,434
42	Other Costs	199	203,685	94,466	524,231	1,955	3,548	827,885	(179)	827,706
43	Total Costs	200	1,697,442	101,795	2,597,246	129,843	28,290	4,554,617	696,524	5,251,141

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 Cost Segments and Components (\$ in '000s)
 CS15 Building Occupancy

Line No.	Class, Subclass, or Special Service	Class	Rents	Fuel & Utilities	Communications & Other	Total CS 15
	Column Number		(15.1)	(15.2)	(15.3)	(15)
	Component		0329	0314	0393	0289
1	First-Class Mail					
2	Single Piece Letters	101	242,609	99,053	0	341,662
3	Presort Letters	102	88,898	36,120	0	125,019
4	Total Letters	103	331,507	135,174	0	466,681
5	Single Piece Cards	104	10,076	4,003	0	14,079
6	Presort Cards	105	3,326	1,328	0	4,654
7	Total Cards	108	13,402	5,331	0	18,733
8	Total First-Class	109	344,909	140,505	0	485,414
9	Priority Mail	110	55,178	22,665	0	77,842
10	Express Mail	111	9,841	3,950	0	13,792
11	Mailgrams	112	4	2	0	6
12	Periodicals					
13	Within County	113	1,299	526	0	1,825
14	Outside County	117	44,702	18,660	0	63,362
15	Total Periodicals	123	46,001	19,186	0	65,187
16	Standard Mail					
17	Enhanced Carr Rte	126	40,515	16,090	0	56,605
18	Regular	127	189,311	77,845	0	267,155
19	Total Standard Mail	135	229,826	93,934	0	323,760
20	Package Services					
21	Parcel Post	136	19,592	7,997	0	27,589
22	Bound Printed Matter	137	10,837	4,406	0	15,243
23	Media Mail	139	9,208	3,773	0	12,981
24	Total Package Services	141	39,636	16,177	0	55,813
25	U.S. Postal Service	142	14,074	5,756	0	19,830
26	Free Mail	147	1,017	415	0	1,432
27	International Mail	161	17,784	7,288	0	25,073
28	Total All Mail	162	758,271	309,879	0	1,068,149
29	Special Services					
30	Registry	163	2,359	921	0	3,279
31	Certified	164	7,847	2,865	0	10,712
32	Insurance	165	1,411	519	0	1,930
33	Cod	166	111	41	0	152
34	Money Orders	168	3,718	1,367	0	5,085
35	Stamped Cards	159	0	0	0	1
36	Stamped Envelopes	169	187	69	0	256
37	Special Handling	170	95	39	0	134
38	Post Office Box	171	150,820	54,212	0	205,032
39	Other	172	4,713	1,765	0	6,478
40	Total Special Services	173	171,260	61,798	0	233,058
41	Total Volume Variable	198	929,531	371,676	0	1,301,207
42	Other Costs	199	0	242,045	380,994	623,039
43	Total Costs	200	929,531	613,721	380,994	1,924,246

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 Cost Segments and Components (\$ In '000s)
 CS16 Supplies and Services

Line No.	Class, Subclass, or Special Service	Class	Stamps & Dispensers	Money Orders	Stamped Cards & Embossed Stamped Envelopes	Subtotal	Supply Personnel	Custodial Supplies & Services	Equipment	Other Misc	Advertising
	Column Number		(16.1)	(16.1)	(16.1)	(16.1)	(16.2)	(16.3.1)	(16.3.2)	(16.3.4)	(16.3.5)
	Component		0180	0181	0248	0839	0173	0176	0184	0830	0246
1	First-Class Mail										
2	Single Piece Letters	101	86,135	0	0	86,135	0	26,485	99,787	228,632	0
3	Presort Letters	102	2,893	0	0	2,893	0	9,658	38,349	93,702	0
4	Total Letters	103	89,028	0	0	89,028	0	36,142	138,136	322,334	0
5	Single Piece Cards	104	4,846	0	0	4,846	0	1,070	3,596	11,344	0
6	Presort Cards	105	252	0	0	252	0	355	1,191	3,934	0
7	Total Cards	108	5,097	0	0	5,097	0	1,425	4,787	15,278	0
8	Total First-Class	109	94,125	0	0	94,125	0	37,568	142,922	337,613	0
9	Priority Mail	110	196	0	0	196	0	6,060	11,311	104,619	0
10	Express Mail	111	13	0	0	13	0	1,056	1,630	17,249	0
11	Mailgrams	112	0	0	0	0	0	0	0	7	0
12	Periodicals										
13	Within County	113	0	0	0	0	0	141	185	1,419	0
14	Outside County	117	0	0	0	0	0	4,989	13,582	42,524	0
15	Total Periodicals	123	0	0	0	0	0	5,130	13,767	43,943	0
16	Standard Mail										
17	Enhanced Carr Rte	126	755	0	0	755	0	4,302	5,979	51,504	0
18	Regular	127	9,205	0	0	9,205	0	20,814	68,063	180,404	0
19	Total Standard Mail	135	9,960	0	0	9,960	0	25,116	74,042	231,908	0
20	Package Services										
21	Parcel Post	136	11	0	0	11	0	2,138	3,681	13,255	0
22	Bound Printed Matter	137	3	0	0	3	0	1,178	2,479	8,283	0
23	Media Mail	139	36	0	0	36	0	1,009	2,003	5,505	0
24	Total Package Services	141	51	0	0	51	0	4,325	8,163	27,042	0
25	U.S. Postal Service	142	0	0	0	0	0	1,539	3,580	9,587	0
26	Free Mail	147	0	0	0	0	0	111	290	717	0
27	International Mail	161	243	29	0	272	0	1,949	4,935	11,587	0
28	Total All Mail	162	104,588	29	0	104,616	0	82,854	260,640	784,271	0
29	Special Services										
30	Registry	163	0	0	0	0	0	246	396	1,503	0
31	Certified	164	0	0	0	0	0	766	385	9,189	0
32	Insurance	165	0	0	0	0	0	139	6	1,384	0
33	Cod	166	0	0	0	0	0	11	7	122	0
34	Money Orders	168	0	6,939	0	6,939	0	366	0	2,631	0
35	Stamped Cards	159	0	0	1,204	1,204	0	0	0	0	0
36	Stamped Envelopes	169	0	0	6,343	6,343	0	18	0	131	0
37	Special Handling	170	0	0	0	0	0	10	14	52	0
38	Post Office Box	171	0	0	0	0	0	14,495	49	2,920	0
39	Other	172	0	0	0	0	0	472	960	5,196	0
40	Total Special Services	173	0	6,939	7,547	14,486	0	16,523	1,818	23,129	0
41	Total Volume Variable	198	104,588	6,967	7,547	119,102	0	99,378	262,458	807,400	0
42	Other Costs	199	196	0	0	196	16,945	64,717	105,835	1,387,437	132,132
43	Total Costs	200	104,783	6,967	7,547	119,298	16,945	164,095	368,293	2,194,837	132,132

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Cost Segments and Components (\$ in '000s)
CS16 Supplies and Services

Line No.	Class, Subclass, or Special Service	Column Number	Total CS 16		
			Non-Mail Products	Subtotal	Total CS 16
1	First-Class Mail	Component	1426	0831	0490
2	Single Piece Letters		0	354,904	441,039
3	Preset Letters		0	141,708	144,601
4	Total Letters		0	496,612	585,640
5	Single Piece Cards		0	16,010	20,856
6	Preset Cards		0	5,480	5,732
7	Total Cards		0	21,490	26,588
8	Total First-Class		0	518,102	612,227
9	Priority Mail		0	121,990	122,186
10	Express Mail		0	19,935	19,948
11	Mailgrams		0	7	7
12	Periodicals		0	1,744	1,744
13	Within County		0	61,095	61,095
14	Outside County		0	62,839	62,839
15	Total Periodicals		0	62,839	62,839
16	Standard Mail		0	61,786	62,541
17	Enhanced Car Rate		0	269,280	278,485
18	Regular		0	331,066	341,026
19	Total Standard Mail		0	19,074	19,085
20	Package Services		0	11,939	11,943
21	Parcel Post		0	8,517	8,553
22	Bound Printed Matter		0	39,530	39,581
23	Media Mail		0	14,706	14,706
24	Total Package Services		0	1,118	1,118
25	U.S. Postal Service		0	1,127,766	1,232,382
26	Free Mail		0	18,471	18,742
27	International Mail		0	2,145	2,145
28	Total All Mail		0	10,341	10,341
29	Special Services		0	1,529	1,529
30	Registry		0	140	9,935
31	Certified		0	2,996	1,204
32	Insurance		0	0	6,492
33	Cod		0	150	77
34	Money Orders		0	17,464	17,464
35	Stamped Cards		0	6,628	6,628
36	Stamped Envelopes		0	41,471	55,956
37	Special Handling		0	1,169,236	1,288,336
38	Post Office Box		0	1,702,105	1,719,246
39	Other		0	2,871,341	3,007,584
40	Total Special Services		0	11,983	200
41	Total Volume Variable		0	11,983	199
42	Other Costs		0	1,702,105	1,719,246
43	Total Costs		0	2,871,341	3,007,584

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Cost Segments and Components (\$ in '000s)
CS17 Research and Development

Line No.	Class, Subclass, or Special Service	Class	Total CS 17 (17)
	Column Number		0267
1	First-Class Mail		
2	Single Piece Letters	101	0
3	Presort Letters	102	0
4	Total Letters	103	0
5	Single Piece Cards	104	0
6	Presort Cards	105	0
7	Total Cards	108	0
8	Total First-Class	109	0
9	Priority Mail	110	0
10	Express Mail	111	0
11	Mailgrams	112	0
12	Periodicals		
13	Within County	113	0
14	Outside County	117	0
15	Total Periodicals	123	0
16	Standard Mail		
17	Enhanced Car Rte	126	0
18	Regular	127	0
19	Total Standard Mail	135	0
20	Package Services		
21	Parcel Post	136	0
22	Bound Printed Matter	137	0
23	Media Mail	139	0
24	Total Package Services	141	0
25	U.S. Postal Service	142	0
26	Free Mail	147	0
27	International Mail	161	0
28	Total All Mail	162	0
29	Special Services		
30	Registry	163	0
31	Certified	164	0
32	Insurance	165	0
33	Cod	166	0
34	Money Orders	168	0
35	Stamped Cards	159	0
36	Stamped Envelopes	169	0
37	Special Handling	170	0
38	Post Office Box	171	0
39	Other	172	0
40	Total Special Services	173	0
41	Total Volume Variable	198	0
42	Other Costs	199	56,991
43	Total Costs	200	56,991

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 Cost Segments and Components (\$ in '000s)
 CS18 Admin and Area Operations

Line No.	Class, Subclass, or Special Service	Class	Headquarters	Money Order Division	Area Administration	Postal Inspection Service	Subtotal	HQ & Area Supplies & Services	HQ & Area Misc Support	Inspection Expenses & Employee Losses
	Column Number		(18.1.1)	(18.1.2)	(18.1.3)	(18.1.4)	(18.1)	(18.2.1)	(18.2.2)	(18.2.3)
	Component		0191	0192	0193	0832	0833	0210	0211	0212
1	First-Class Mail									
2	Single Piece Letters	101	0	0	0	12,577	12,577	0	0	0
3	Presort Letters	102	0	0	0	4,586	4,586	0	0	0
4	Total Letters	103	0	0	0	17,164	17,164	0	0	0
5	Single Piece Cards	104	0	0	0	508	508	0	0	0
6	Presort Cards	105	0	0	0	169	169	0	0	0
7	Total Cards	108	0	0	0	677	677	0	0	0
8	Total First-Class	109	0	0	0	17,841	17,841	0	0	0
9	Priority Mail	110	0	0	0	2,878	2,878	0	0	0
10	Express Mail	111	0	0	0	502	502	0	0	0
11	Mailgrams	112	0	0	0	0	0	0	0	0
12	Periodicals									
13	Within County	113	0	0	0	67	67	0	0	0
14	Outside County	117	0	0	0	2,369	2,369	0	0	0
15	Total Periodicals	123	0	0	0	2,436	2,436	0	0	0
16	Standard Mail									
17	Enhanced Carr Rte	126	0	0	0	2,043	2,043	0	0	0
18	Regular	127	0	0	0	9,884	9,884	0	0	0
19	Total Standard Mail	135	0	0	0	11,927	11,927	0	0	0
20	Package Services									
21	Parcel Post	136	0	0	0	1,015	1,015	0	0	0
22	Bound Printed Matter	137	0	0	0	559	559	0	0	0
23	Media Mail	139	0	0	0	479	479	0	0	0
24	Total Package Services	141	0	0	0	2,054	2,054	0	0	0
25	U.S. Postal Service	142	0	0	0	731	731	0	0	0
26	Free Mail	147	0	0	0	53	53	0	0	0
27	International Mail	161	0	0	0	925	925	0	0	0
28	Total All Mail	162	0	0	0	39,347	39,347	0	0	0
29	Special Services									
30	Registry	163	0	0	0	117	117	0	0	0
31	Certified	164	0	0	0	364	364	0	0	0
32	Insurance	165	0	0	0	66	66	0	0	0
33	Cod	166	0	0	0	5	5	0	0	0
34	Money Orders	168	0	0	0	174	174	0	0	0
35	Stamped Cards	159	0	0	0	0	0	0	0	0
36	Stamped Envelopes	169	0	0	0	9	9	0	0	0
37	Special Handling	170	0	0	0	5	5	0	0	0
38	Post Office Box	171	0	0	0	6,884	6,884	0	0	0
39	Other	172	0	0	0	224	224	0	0	0
40	Total Special Services	173	0	0	0	7,847	7,847	0	0	0
41	Total Volume Variable	198	0	0	0	47,194	47,194	0	0	0
42	Other Costs	199	617,929	5,305	239,932	496,085	1,359,255	213,333	224,000	1,190
43	Total Costs	200	617,929	5,305	239,932	543,283	1,406,449	213,333	224,000	1,190

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Cost Segments and Components (\$ in '000s)
CS18 Admin and Area Operations

Line No.	Class, Subclass, or Special Service	Column Number	Component
1	First-Class Mail	101	0
2	Single Piece Letters	102	0
3	Presort Letters	103	0
4	Total Letters	104	0
5	Single Piece Cards	105	0
6	Presort Cards	106	0
7	Total Cards	108	0
8	Total First-Class	109	0
9	Priority Mail	110	0
10	Express Mail	111	0
11	Mailgrams	112	0
12	Periodicals	113	0
13	Within County	117	0
14	Outside County	118	0
15	Total Periodicals	123	0
16	Standard Mail	126	0
17	Enhanced Carrier Rate	127	0
18	Regular	128	0
19	Total Standard Mail	135	0
20	Package Services	136	0
21	Parcel Post	137	0
22	Bound Printed Matter	139	0
23	Media Mail	141	0
24	Total Package Services	142	0
25	U.S. Postal Service	147	0
26	Free Mail	161	0
27	International Mail	162	0
28	Total All Mail	163	0
29	Special Services	164	0
30	Registry	165	0
31	Certified	166	0
32	Insurance	168	0
33	Money Orders	169	0
34	Stamped Cards	170	0
35	Stamped Envelopes	171	0
36	Special Handling	172	0
37	Post Office Box	173	0
38	Other	198	0
39	Total Special Services	199	0
40	Total Volume Variable	200	0
41	Other Costs	7,600	0
42	Total Costs	150	0
43	Total Costs	3,168	0
44	Subtotal	443,374	0
45	Annual Leave	59,472	0
46	Replicated	1,604	0
47	Holiday Leave	2,096	0
48	Variance	22,562	0
49	Civil Service	22,562	0
50	Retirement	0488	0

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 Cost Segments and Components (\$ in '000s)
 CS18 Admin and Area Operations

Line No.	Class, Subclass, or Special Service	Class	Workers' Compensation	Unemployment Compensation	Retiree Health Benefits	Annuity Life Insurance	CS Retirement Reform Escrow (FY 2006)	Annuity Protection Program	FERS Retirement	Subtotal	Total CS 18
	Column Number		(18.3.4)	(18.3.5)	(18.3.6)	(18.3.7)	(18.3.8)	(18.3.9)	(18.3.10)	(18.3)	(18)
	Component		0486	0241	0208	0071	1435	0207	0019	0835	0459
1	First-Class Mail										
2	Single Piece Letters	101	170,524	12,969	271,652	1,800	0	0	0	476,119	488,696
3	Presort Letters	102	69,959	5,321	111,447	738	0	0	0	195,332	199,918
4	Total Letters	103	240,483	18,290	383,099	2,538	0	0	0	671,451	688,614
5	Single Piece Cards	104	8,453	643	13,466	89	0	0	0	23,601	24,110
6	Presort Cards	105	2,930	223	4,668	31	0	0	0	8,181	8,349
7	Total Cards	108	11,383	866	18,133	120	0	0	0	31,782	32,459
8	Total First-Class	109	251,866	19,156	401,232	2,658	0	0	0	703,233	721,073
9	Priority Mail	110	25,935	1,973	41,316	274	0	0	0	72,414	75,291
10	Express Mail	111	5,570	424	8,874	59	0	0	0	15,552	16,054
11	Mailgrams	112	5	0	8	0	0	0	0	14	14
12	Periodicals										
13	Within County	113	1,074	82	1,711	11	0	0	0	2,998	3,065
14	Outside County	117	31,751	2,415	50,581	335	0	0	0	88,653	91,022
15	Total Periodicals	123	32,825	2,497	52,292	346	0	0	0	91,651	94,087
16	Standard Mail										
17	Enhanced Carr Rte	126	38,783	2,950	61,783	409	0	0	0	108,286	110,329
18	Regular	127	135,224	10,285	215,417	1,427	0	0	0	377,558	387,442
19	Total Standard Mail	135	174,007	13,234	277,201	1,836	0	0	0	485,844	497,772
20	Package Services										
21	Parcel Post	136	10,072	766	16,046	106	0	0	0	28,123	29,139
22	Bound Printed Matter	137	6,290	478	10,020	66	0	0	0	17,562	18,122
23	Media Mail	139	4,216	321	6,716	44	0	0	0	11,771	12,250
24	Total Package Services	141	20,578	1,565	32,782	217	0	0	0	57,456	59,510
25	U.S. Postal Service	142	7,215	549	11,494	76	0	0	0	20,146	20,877
26	Free Mail	147	544	41	867	6	0	0	0	1,519	1,572
27	International Mail	161	8,838	672	14,079	93	0	0	0	24,676	28,770
28	Total All Mail	162	527,384	40,111	840,144	5,565	0	0	0	1,472,505	1,515,021
29	Special Services										
30	Registry	163	1,158	88	1,844	12	0	0	0	3,232	3,349
31	Certified	164	6,922	526	11,027	73	0	0	0	19,327	19,691
32	Insurance	165	1,045	79	1,665	11	0	0	0	2,918	2,984
33	Cod	166	92	7	147	1	0	0	0	258	263
34	Money Orders	168	1,988	151	3,168	21	0	0	0	5,552	5,725
35	Stamped Cards	159	0	0	0	0	0	0	0	1	1
36	Stamped Envelopes	169	99	8	158	1	0	0	0	276	285
37	Special Handling	170	40	3	63	0	0	0	0	110	115
38	Post Office Box	171	4,908	373	7,819	52	0	0	0	13,705	20,589
39	Other	172	3,913	298	6,233	41	0	0	0	10,924	11,148
40	Total Special Services	173	20,165	1,534	32,124	213	0	0	0	56,303	64,150
41	Total Volume Variable	198	547,549	41,645	872,269	5,778	0	0	0	1,528,806	1,579,171
42	Other Costs	199	567,966	31,868	667,504	4,422	0	1,077	0	1,342,514	3,144,975
43	Total Costs	200	1,115,515	73,513	1,539,773	10,200	0	1,077	0	2,871,323	4,724,146

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R2005-1 USPS_version - FY 2005 After Workyear Mix
 Cost Segments and Components (\$ in '000s)
 CS19 General Mgmt Systems

Line No.	Class, Subclass, or Special Service	Class	Total CS 19 (19)
	Column Number Component		0269
1	First-Class Mail		
2	Single Piece Letters	101	0
3	Presort Letters	102	0
4	Total Letters	103	0
5	Single Piece Cards	104	0
6	Presort Cards	105	0
7	Total Cards	108	0
8	Total First-Class	109	0
9	Priority Mail	110	0
10	Express Mail	111	0
11	Mailgrams	112	0
12	Periodicals		
13	Within County	113	0
14	Outside County	117	0
15	Total Periodicals	123	0
16	Standard Mail		
17	Enhanced Car Rte	126	0
18	Regular	127	0
19	Total Standard Mail	135	0
20	Package Services		
21	Parcel Post	136	0
22	Bound Printed Matter	137	0
23	Media Mail	139	0
24	Total Package Services	141	0
25	U.S. Postal Service	142	0
26	Free Mail	147	0
27	International Mail	161	0
28	Total All Mail	162	0
29	Special Services		
30	Registry	163	0
31	Certified	164	0
32	Insurance	165	0
33	Cod	166	0
34	Money Orders	168	0
35	Stamped Cards	159	0
36	Stamped Envelopes	169	0
37	Special Handling	170	0
38	Post Office Box	171	0
39	Other	172	0
40	Total Special Services	173	0
41	Total Volume Variable	198	0
42	Other Costs	199	62,728
43	Total Costs	200	62,728

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 Cost Segments and Components (\$ in '000s)
 CS20 Other Accrued Expenses

Line No.	Class, Subclass, or Special Service	Class	Equipment Depreciation (20.1) 0505	Vehicle Depreciation (20.2) 0447	Building & Leasehold Depreciation (20.3) 0420	Indemnities (20.4) 0397	Interest Expense (20.5) 0283	Other Expenses and Credits (20.6) 0399	Total CS 20 (20) 0475
1	First-Class Mail								
2	Single Piece Letters	101	255,670	7,860	180,867	0	347	0	444,744
3	Presort Letters	102	84,559	5,149	66,274	0	122	0	156,105
4	Total Letters	103	340,229	13,010	247,141	0	469	0	600,849
5	Single Piece Cards	104	8,321	464	7,512	0	13	0	16,309
6	Presort Cards	105	2,352	240	2,480	0	4	0	5,075
7	Total Cards	108	10,673	704	9,991	0	17	0	21,384
8	Total First-Class	109	350,902	13,713	257,132	0	485	0	622,233
9	Priority Mail	110	17,997	3,262	41,135	0	49	0	62,443
10	Express Mail	111	603	239	7,337	758	6	0	8,943
11	Mailgrams	112	0	1	3	0	0	0	4
12	Periodicals								
13	Within County	113	258	162	968	0	1	0	1,390
14	Outside County	117	28,977	2,104	33,326	0	50	0	64,457
15	Total Periodicals	123	29,235	2,266	34,294	0	51	0	65,846
16	Standard Mail								
17	Enhanced Carr Rte	126	11,952	5,629	30,204	0	37	0	47,823
18	Regular	127	177,262	8,431	141,133	0	255	0	327,081
19	Total Standard Mail	135	189,214	14,060	171,337	0	292	0	374,904
20	Package Services								
21	Parcel Post	136	11,640	3,189	14,606	0	23	0	29,457
22	Bound Printed Matter	137	8,155	1,431	8,079	0	14	0	17,679
23	Media Mail	139	6,973	528	6,865	0	11	0	14,376
24	Total Package Services	141	26,768	5,147	29,549	0	48	0	61,512
25	U.S. Postal Service	142	6,781	185	10,492	0	14	0	17,471
26	Free Mail	147	707	47	758	0	1	0	1,514
27	International Mail	161	14,587	384	13,258	2,358	22	0	30,610
28	Total All Mail	162	636,794	39,304	565,296	3,116	969	0	1,245,480
29	Special Services								
30	Registry	163	398	38	1,758	1,698	2	0	3,894
31	Certified	164	245	660	5,850	0	5	0	6,760
32	Insurance	165	5	71	1,052	16,992	1	0	18,121
33	Cod	166	6	7	83	2,039	0	0	2,135
34	Money Orders	168	0	4	2,772	0	2	0	2,777
35	Stamped Cards	159	0	0	0	0	0	0	0
36	Stamped Envelopes	169	0	0	139	0	0	0	139
37	Special Handling	170	22	0	71	0	0	0	93
38	Post Office Box	171	0	0	112,437	0	88	0	112,525
39	Other	172	1,225	262	3,514	0	4	0	5,005
40	Total Special Services	173	1,901	1,043	127,676	20,729	102	0	151,450
41	Total Volume Variable	198	638,694	40,347	692,972	23,846	1,071	0	1,396,930
42	Other Costs	199	664,649	134,461	0	112,050	291,415	(3,089)	1,199,486
43	Total Costs	200	1,303,343	174,808	692,972	135,896	292,486	(3,089)	2,596,416

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 Cost Segments and Components (\$ in '000s)
 Plant, Equip, Servicewide, and
 Selected Admin Costs

Line No.	Class, Subclass, or Special Service	Class	Employee & Labor Relations	Time & Attendance	Cleaning Equipment & Building	Rents, Fuel & Utilities	Supplies & Services	USPS Security Force	Repriced Annual Leave	Holiday Leave	Civil Service Retirement
	Column Number		(2.5)	(2.3 & 3.3)	(11.1 & 11.3)	(15.1 & 15.2)	(16.3)	(18.1)	(18.3)	(18.3)	(18.3)
	Component										
1	First-Class Mail										
2	Single Piece Letters	101	1	652	268,788	341,662	26,485	12,577	408	14	0
3	Presort Letters	102	0	281	98,015	125,019	9,658	4,586	167	6	0
4	Total Letters	103	1	933	366,803	466,681	36,142	17,164	575	20	0
5	Single Piece Cards	104	0	31	10,863	14,079	1,070	508	19	1	0
6	Presort Cards	105	0	10	3,602	4,654	355	169	6	0	0
7	Total Cards	108	1	41	14,466	18,733	1,425	677	25	1	0
8	Total First-Class	109	1	975	381,269	485,414	37,568	17,841	600	21	0
9	Priority Mail	110	(0)	175	61,503	77,842	6,060	2,878	105	4	0
10	Express Mail	111	(0)	37	10,720	13,792	1,056	502	22	1	0
11	Mailgrams	112	0	(0)	4	6	0	0	0	0	0
12	Periodicals										
13	Within County	113	0	7	1,428	1,825	141	67	4	0	0
14	Outside County	117	0	127	50,635	63,362	4,989	2,369	79	3	0
15	Total Periodicals	123	0	134	52,063	65,187	5,130	2,436	83	3	0
16	Standard Mail										
17	Enhanced Carr Rte	126	(0)	218	43,660	56,605	4,302	2,043	120	4	0
18	Regular	127	0	646	211,237	267,155	20,814	9,884	387	14	0
19	Total Standard Mail	135	0	864	254,897	323,760	25,116	11,927	508	18	0
20	Package Services										
21	Parcel Post	136	0	75	21,701	27,589	2,138	1,015	44	2	0
22	Bound Printed Matter	137	(0)	45	11,957	15,243	1,178	559	27	1	0
23	Media Mail	139	(0)	37	10,239	12,981	1,009	479	22	1	0
24	Total Package Services	141	(0)	158	43,897	55,813	4,325	2,054	93	3	0
25	U.S. Postal Service	142	(0)	39	15,620	19,830	1,539	731	25	1	0
26	Free Mail	147	0	4	1,127	1,432	111	53	2	0	0
27	International Mail	161	0	71	19,778	25,073	1,949	925	43	2	0
28	Total All Mail	162	1	2,456	840,676	1,068,146	82,854	39,347	1,482	52	0
29	Special Services										
30	Registry	163	0	12	2,498	3,279	246	117	7	0	0
31	Certified	164	(0)	39	7,775	10,712	766	364	22	1	0
32	Insurance	165	0	7	1,408	1,930	139	66	4	0	0
33	Cod	166	0	0	110	152	11	5	0	0	0
34	Money Orders	168	0	13	3,710	5,085	366	174	8	0	0
35	Stamped Cards	159	0	0	0	1	0	0	0	0	0
36	Stamped Envelopes	169	0	1	187	256	18	9	0	0	0
37	Special Handling	170	0	0	106	134	10	5	0	0	0
38	Post Office Box	171	1	544	147,108	205,032	14,495	6,884	302	11	0
39	Other	172	(1)	22	4,789	6,478	472	224	13	0	0
40	Total Special Services	173	1	639	167,692	233,058	16,523	7,847	356	13	0
41	Total Volume Variable	198	2	3,095	1,008,565	1,301,207	99,378	47,194	1,838	65	0
42	Other Costs	199	(2)	(3,095)	656,804	242,045	64,717	30,734	(1,838)	(65)	0
43	Total Costs	200	0	0	1,665,372	1,543,251	164,095	77,928	0	0	0

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Cost Segments and Components (\$ in '000s)

Plant, Equip, Service, and

Plant, Equip, Service, and

Selected Admin Costs

Line	No.	Class, Subclass, or Special Service	Column Number	(18.3)	(18.3)	(18.3)	(18.3)	(18.3)	(18.3)	(18.3)	(20.1 - 20.4)	(20.5)	Total
1		First-Class Mail	Component	101	3,759	12,969	271,652	1,800	444,744	1,385,512	0	0	1,385,512
2		Single Piece Letters		102	1,533	5,293	111,447	738	156,105	512,876	0	0	512,876
3		Presort Letters		103	0	0	0	0	0	0	0	0	0
4		Total Letters		103	0	0	0	0	0	0	0	0	0
5		Single Piece Cards		104	176	643	13,466	89	16,308	1,898,385	0	0	1,898,385
6		Presort Cards		105	55	223	4,668	31	5,075	18,448	0	0	18,448
7		Total Cards		108	231	866	18,133	120	21,384	76,103	0	0	76,103
8		Total First-Class		109	5,524	19,156	401,232	2,658	622,233	1,974,492	0	0	1,974,492
9		Priority Mail		110	970	1,973	41,316	274	62,443	255,540	0	0	255,540
10		Express Mail		111	203	424	8,874	59	8,184	43,872	0	0	43,872
11		Mailgrams		112	0	0	0	0	4	0	0	0	4
12		Periodicals		113	36	82	1,711	11	1,390	6,701	0	0	6,701
13		Within County		117	728	2,415	50,581	335	64,457	240,081	0	0	240,081
14		Outside County		123	764	2,497	52,292	346	65,846	246,782	0	0	246,782
15		Total Periodicals		126	1,105	2,950	61,783	409	47,823	221,023	0	0	221,023
17		Enhanced Car Rate		127	3,568	10,285	215,417	1,427	327,081	1,067,914	0	0	1,067,914
18		Regular		135	4,673	13,234	277,201	1,836	374,904	1,288,937	0	0	1,288,937
19		Total Standard Mail		135	0	0	0	0	0	0	0	0	0
20		Package Services		136	408	766	16,046	106	29,457	99,247	0	0	99,247
21		Parcel Post		137	247	478	10,020	66	17,679	57,501	0	0	57,501
22		Bound Printed Matter		139	202	321	6,716	44	14,376	46,428	0	0	46,428
23		Media Mail		141	857	1,565	32,782	217	61,512	203,277	0	0	203,277
24		Total Package Services		142	232	549	11,494	76	17,471	67,607	0	0	67,607
25		U.S. Postal Service		147	21	41	867	6	1,514	5,178	0	0	5,178
26		Free Mail		161	397	672	14,079	93	28,252	91,934	0	0	91,934
27		International Mail		162	13,641	40,111	840,144	5,565	1,242,364	4,177,043	0	0	4,177,043
28		Total All Mail		162	0	0	0	0	0	0	0	0	0
29		Special Services		163	62	88	1,844	12	2,197	10,363	0	0	10,363
30		Registry		164	203	526	11,027	73	6,760	38,267	0	0	38,267
31		Certified		164	34	79	1,665	11	1,129	6,472	0	0	6,472
32		Insurance		165	3	7	147	1	96	533	0	0	533
34		Money Orders		166	72	151	3,168	21	2,777	15,545	0	0	15,545
35		Stamped Cards		159	0	0	0	0	0	0	0	0	0
36		Stamped Envelopes		160	4	8	158	1	139	779	0	0	779
37		Special Handling		170	2	3	63	0	93	417	0	0	417
38		Post Office Box		171	2,780	373	7,819	52	112,525	497,926	0	0	497,926
39		Other		172	3,277	1,534	32,124	213	130,721	593,997	0	0	593,997
40		Total Special Services		173	0	0	0	0	0	0	0	0	0
41		Total Volume Variable		198	16,918	41,645	872,269	5,778	1,373,084	4,771,035	0	0	4,771,035
42		Other Costs		199	(16,918)	31,865	667,504	4,422	799,734	290,791	0	0	2,766,703
43		Total Costs		200	0	73,513	1,539,773	10,200	2,172,816	7,537,741	0	0	7,537,741

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R2005-1 USPS, version - FY 2005 After Workyear Mix
Cost Segments and Components (\$ in '000s)
Plant, Equip, Servicewide, and
Selected Admin Costs

Line No.	Class, Subclass, or Special Service Component	Class	Adjusted Alaska Air (14.1)
1	First-Class Mail	101	16
2	Single Piece Letters	102	0
3	Presort Letters	103	16
4	Total Letters	104	0
5	Single Piece Cards	105	0
6	Presort Cards	106	0
7	Total Cards	108	0
8	Total First-Class	109	16
9	Priority Mail	110	67
10	Express Mail	111	0
11	Mailgrams	112	0
12	Periodicals		
13	Within County	113	0
14	Outside County	117	14
15	Total Periodicals	123	14
16	Standard Mail		
17	Enhanced Carr Rte	126	47
18	Regular	127	42
19	Total Standard Mail	135	89
20	Package Services		
21	Parcel Post	136	7,100
22	Bound Printed Matter	137	9
23	Media Mail	139	10
24	Total Package Services	141	7,119
25	U.S. Postal Service	142	20
26	Free Mail	147	0
27	International Mail	161	4
28	Total All Mail	162	7,329
29	Special Services		
30	Registry	163	0
31	Certified	164	0
32	Insurance	165	0
33	Cod	166	0
34	Money Orders	168	0
35	Stamped Cards	159	0
36	Stamped Envelopes	169	0
37	Special Handling	170	0
38	Post Office Box	171	0
39	Other	172	0
40	Total Special Services	173	0
41	Total Volume Variable	198	7,329
42	Other Costs	199	94,466
43	Total Costs	200	101,795

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Exhibit USPS-T-10E

**“D” Report
Final Adjustments
Fiscal Year 2005**

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Exhibit USPS-T-10F

“C” Report

Cost Segments & Components Report

Test Year 2006 Before Rates

Line No.	Class, Subclass, or Special Service	Column Number	Component	
1	First-Class Mail	0251		
2	Single Piece Letters	118,984		650,734
3	Presort Letters	90,187		244,694
4	Total Letters	209,174		895,428
5	Single Piece Cards	33,083		23,632
6	Presort Cards	3,435		7,841
7	Total Cards	44,497		31,473
8	Total First-Class	216,263		928,901
9	Priority Mail	26,788		93,145
10	Express Mail	5,092		11,755
11	Mailgrams	0		4
12	Periodicals	430		1,804
13	Within County	3,416		12,843
14	Outside County	12,756		94,758
15	Total Periodicals	13,185		106,563
16	Standard Mail			
17	Enhanced Car Rate	36,112		548,566
18	Regular	85,654		643,595
19	Total Standard Mail	121,765		1,192,161
20	Package Services			
21	Parcel Post	7,146		34,537
22	Media Mail	3,847		24,757
23	Bound Printed Matter	23,540		36,203
24	Total Package Services	33,388		81,205
25	U.S. Postal Service			
26	Free Mail	0		27,129
27	International Mail	8,891		37,424
28	Total All Mail	405,373		1,860,415
29	Special Services			
30	Registry	3,841		2,998
31	Certified	23,930		8,668
32	Insurance	521		1,235
33	Cod	62		121
34	Money Orders	1,399		3,813
35	Stamped Cards	11		0
36	Stamped Envelopes	444		194
37	Special Handling	41		138
38	Post Office Box	5,001		153,800
39	Other	3,804		8,612
40	Total Special Services	15,196		179,586
41	Total Volume Variable	420,569		2,039,995
42	Other Costs	2,317,206		3,213,944
43	Total Costs	189,631		1,173,945
CS 1	Postmasters	0251		
CS 2	Supervisors & Technicians	0284		
CS 3	Clerks & Mailhandlers	0478		
CS 4	Clerks CAG K Post Offices	0254		
CS 6&7	City Delivery Carriers	0281		
CS 8	Vehicle Service Drivers	0258		
CS 10	Rural Carriers	0260		
CS 11	Custodial and Maint Svcs	0482		

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R2005-1 USPS_version - FY 2006BR After Workyear M
 Cost Segments and Components (\$ in '000s)
 Cost Segment Totals

Line No.	Class, Subclass, or Special Service	Class	CS 12 Motor Vehicle Service	CS 13 Misc Local Operations	CS 14 Transportation	CS 15 Building Occupancy	CS 16 Supplies and Services	CS 17 Research and Development	CS 18 Admin and Area Operations	CS 19 General Mgmt Systems
	Column Number		(9)	(10)	(11)	(12)	(13)	(14)	(15)	(16)
	Component		0262	0263	0264	0289	0490	0267	0456	0269
1	First-Class Mail									
2	Single Piece Letters	101	52,705	1,379	572,362	336,074	441,333	0	507,835	0
3	Presort Letters	102	32,711	709	418,414	127,118	147,294	0	213,302	0
4	Total Letters	103	85,416	2,088	990,777	463,192	588,627	0	721,137	0
5	Single Piece Cards	104	3,213	89	5,282	14,073	21,400	0	25,960	0
6	Presort Cards	105	1,598	34	8,969	4,762	6,012	0	9,245	0
7	Total Cards	108	4,811	123	14,251	18,835	27,412	0	35,204	0
8	Total First-Class	109	90,227	2,211	1,005,028	482,028	616,039	0	756,341	0
9	Priority Mail	110	23,114	78	1,181,333	81,541	121,286	0	80,253	0
10	Express Mail	111	2,694	15	106,328	13,898	19,634	0	16,966	0
11	Mailgrams	112	12	0	0	5	6	0	13	0
12	Periodicals									
13	Within County	113	1,032	10	86	1,796	1,717	0	3,229	0
14	Outside County	117	13,659	277	227,683	64,189	62,149	0	88,362	0
15	Total Periodicals	123	14,691	287	227,769	65,985	63,866	0	91,591	0
16	Standard Mail									
17	Enhanced Carr Rte	126	37,329	492	94,664	60,304	65,204	0	122,606	0
18	Regular	127	57,365	1,402	437,852	290,370	301,350	0	436,749	0
19	Total Standard Mail	135	94,694	1,895	532,516	350,674	366,553	0	559,354	0
20	Package Services									
21	Parcel Post	136	19,801	31	345,416	27,086	18,897	0	30,448	0
22	Bound Printed Matter	137	11,325	38	76,073	16,500	12,815	0	20,465	0
23	Media Mail	139	4,142	19	118,336	13,939	9,174	0	13,778	0
24	Total Package Services	141	35,267	89	539,825	57,524	40,886	0	64,692	0
25	U.S. Postal Service	142	1,187	30	21,884	20,682	15,136	0	22,510	0
26	Free Mail	147	310	2	7,326	1,543	1,193	0	1,745	0
27	International Mail	161	2,873	22	862,002	25,689	19,205	0	30,627	0
28	Total All Mail	162	265,069	4,630	4,484,010	1,099,570	1,263,803	0	1,624,092	0
29	Special Services									
30	Registry	163	257	2	0	3,163	1,991	0	3,320	0
31	Certified	164	4,554	66	0	11,341	10,813	0	22,161	0
32	Insurance	165	412	4	0	1,675	1,300	0	2,742	0
33	Cod	166	59	0	0	153	140	0	284	0
34	Money Orders	168	28	0	0	5,194	10,069	0	6,142	0
35	Stamped Cards	159	0	0	0	1	1,328	0	1	0
36	Stamped Envelopes	169	0	0	0	264	6,710	0	309	0
37	Special Handling	170	0	0	0	137	78	0	122	0
38	Post Office Box	171	1	1	0	213,207	17,651	0	22,424	0
39	Other	172	1,902	24	0	7,026	8,099	0	12,917	0
40	Total Special Services	173	7,213	97	0	242,161	58,180	0	70,422	0
41	Total Volume Variable	198	272,282	4,727	4,484,010	1,341,731	1,321,983	0	1,694,515	0
42	Other Costs	199	733,416	308,124	844,969	627,024	1,776,085	56,991	6,670,271	63,843
43	Total Costs	200	1,005,698	312,850	5,328,979	1,968,755	3,098,072	56,991	8,364,787	63,843

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 Cost Segments and Components (\$ In '000s)
 CS1 Postmasters

Line No.	Class, Subclass, or Special Service	Class	Postmasters EAS 23 & Below	Postmasters EAS 24 & Above	CS 1 Postmasters
	Column Number		(1.1)	(1.2)	(1)
	Component		0001	0002	0251
1	First-Class Mail				
2	Single Piece Letters	101	118,984	0	118,984
3	Presort Letters	102	90,187	0	90,187
4	Total Letters	103	209,170	0	209,170
5	Single Piece Cards	104	3,658	0	3,658
6	Presort Cards	105	3,435	0	3,435
7	Total Cards	108	7,092	0	7,092
8	Total First-Class	109	216,263	0	216,263
9	Priority Mail	110	26,788	0	26,788
10	Express Mail	111	5,092	0	5,092
11	Mailgrams	112	0	0	0
12	Periodicals				
13	Within County	113	430	0	430
14	Outside County	117	12,756	0	12,756
15	Total Periodicals	123	13,185	0	13,185
16	Standard Mail				
17	Enhanced Carr Rte	126	36,112	0	36,112
18	Regular	127	85,654	0	85,654
19	Total Standard Mail	135	121,765	0	121,765
20	Package Services				
21	Parcel Post	136	7,146	0	7,146
22	Bound Printed Matter	137	3,847	0	3,847
23	Media Mail	139	2,394	0	2,394
24	Total Package Services	141	13,388	0	13,388
25	U.S. Postal Service	142	0	0	0
26	Free Mail	147	0	0	0
27	International Mail	161	8,891	0	8,891
28	Total All Mail	162	405,373	0	405,373
29	Special Services				
30	Registry	163	275	0	275
31	Certified	164	3,961	0	3,961
32	Insurance	165	521	0	521
33	Cod	166	62	0	62
34	Money Orders	168	1,399	0	1,399
35	Stamped Cards	159	11	0	11
36	Stamped Envelopes	169	122	0	122
37	Special Handling	170	41	0	41
38	Post Office Box	171	5,001	0	5,001
39	Other	172	3,804	0	3,804
40	Total Special Services	173	15,196	0	15,196
41	Total Volume Variable	198	420,569	0	420,569
42	Other Costs	199	1,841,582	55,049	1,896,631
43	Total Costs	200	2,262,151	55,049	2,317,200

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 Cost Segments and Components (\$ in '000s)
 CS2 Supervisors & Technicians

Line No.	Class, Subclass, or Special Service	Class	Supv - Mail Processing (2.1)	Supv - Central Mail Mark-up (2.1)	Subtotal (2.1)	Supv - Window Service (2.2)	Supv - Time & Admin Support (2.3)	City Delivery Carriers (2.4)	Supv - Rural Delivery Carriers (2.4)	Supv - Vehicle Service (2.4)
	Column Number Component		0004	0677	0820	0007	0009	0020	0674	0675
1	First-Class Mail									
2	Single Piece Letters	101	262,871	20,824	283,695	36,575	16,141	174,347	3,809	1,571
3	Presort Letters	102	91,081	14,706	105,787	1,832	6,797	92,038	3,600	1,684
4	Total Letters	103	353,952	35,531	389,482	38,407	22,938	266,385	7,209	3,255
5	Single Piece Cards	104	10,904	844	11,748	2,656	829	11,410	258	15
6	Presort Cards	105	3,285	856	4,141	167	296	4,537	216	28
7	Total Cards	108	14,189	1,701	15,890	2,824	1,125	15,948	474	43
8	Total First-Class	109	368,140	37,234	405,372	41,231	24,063	282,333	7,883	3,298
9	Priority Mail	110	50,838	502	51,340	5,739	2,516	12,060	495	4,761
10	Express Mail	111	10,438	113	10,550	2,919	536	2,805	133	106
11	Mailgrams	112	1	0	1	0	0	13	0	0
12	Periodicals	113	898	69	967	13	103	1,439	147	130
13	Within County	113	898	69	967	13	103	1,439	147	130
14	Outside County	117	54,486	6,036	60,522	117	2,800	29,999	1,650	2,064
15	Total Periodicals	123	55,384	6,105	61,489	130	2,903	31,437	1,797	2,194
16	Standard Mail									
17	Enhanced Car Rate	126	21,831	284	22,114	430	3,923	66,768	6,282	3,173
18	Regular	127	210,906	4,267	215,173	4,463	13,878	169,601	7,376	3,746
19	Total Standard Mail	135	232,737	4,551	237,287	4,893	17,801	236,369	13,658	6,920
20	Package Services									
21	Parcel Post	136	14,845	73	15,018	1,249	959	5,593	395	4,938
22	Bound Printed Matter	137	9,192	493	9,685	236	647	6,447	306	2,030
23	Media Mail	139	7,710	73	7,783	716	432	2,953	141	695
24	Total Package Services	141	31,848	639	32,487	2,201	2,038	14,992	843	7,663
25	U.S. Postal Service	142	14,881	2,885	17,766	3,530	708	2,876	32	277
26	Free Mail	147	1,065	55	1,119	17	55	349	33	45
27	International Mail	161	19,345	283	19,627	2,343	862	2,944	57	512
28	Total All Mail	162	784,677	52,363	837,039	63,002	51,484	586,178	24,731	25,775
29	Special Services									
30	Registry	163	2,111	0	2,111	396	104	433	48	0
31	Certified	164	2,463	0	2,463	6,033	709	9,436	1,152	0
32	Insurance	165	33	0	33	1,782	87	532	140	0
33	Cod	166	43	0	43	71	9	78	21	0
34	Money Orders	168	0	0	0	7,239	194	0	16	0
35	Stamped Cards	159	0	0	0	0	0	0	0	0
36	Stamped Envelopes	169	0	0	0	366	10	0	0	0
37	Special Handling	170	0	0	0	41	4	0	0	0
38	Post Office Box	171	342	0	342	7,670	496	92	0	0
39	Other	172	3,433	1,430	4,862	4,381	413	3,763	359	0
40	Total Special Services	173	8,502	1,430	9,931	27,979	2,028	14,333	1,736	0
41	Total Volume Variable	198	793,178	53,792	846,971	90,961	53,511	600,511	26,468	25,775
42	Other Costs	199	167,593	10,910	178,503	125,808	39,100	561,719	35,462	16,453
43	Total Costs	200	960,771	64,702	1,025,473	216,789	92,611	1,162,230	61,930	42,228

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Cost Segments and Components (\$ in '000s)
CS2 Supervisors & Technicians

Line No.	Class, Subclass, or Special Service	Column Number	Component	1	2	3	4	5	6	7	8	9	10	11	12	13	14	15	16	17	18	19	20	21	22	23	24	25	26	27	28	29	30	31	32	33	34	35	36	37	38	39	40	41	42	43			
				First-Class Mail																																													

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Cost Segments and Components (\$ in '000s)
CS2 Supervisors & Technicians

Line No.	Class, Subclass, or Special Service	Class	Subtotal 2.5 (2.5)	Total CS 2 (2)
	Column Number Component		0822	0284
1	First-Class Mail			
2	Single Piece Letters	101	121,251	637,189
3	Presort Letters	102	47,608	259,347
4	Total Letters	103	168,859	896,536
5	Single Piece Cards	104	6,167	33,083
6	Presort Cards	105	2,027	11,413
7	Total Cards	108	8,195	44,497
8	Total First-Class	109	177,054	941,033
9	Priority Mail			
10	Express Mail	110	18,256	95,167
11	Mailgrams	111	4,013	21,062
12	Periodicals	112	3	17
13	Within County	113	617	3,416
14	Outside County	117	22,596	119,748
15	Total Periodicals	123	23,213	123,164
16	Standard Mail			
17	Enhanced Cart Rite	126	22,721	125,412
18	Regular	127	99,936	514,173
19	Total Standard Mail	135	122,657	639,585
20	Package Services			
21	Parcel Post	136	5,975	34,127
22	Bound Printed Matter	137	4,188	23,540
23	Media Mail	139	2,993	15,712
24	Total Package Services	141	13,156	73,380
25	U.S. Postal Service	142	5,535	30,724
26	Free Mail	147	388	2,008
27	International Mail	161	6,462	32,807
28	Total All Mail	162	370,737	1,958,947
29	Special Services			
30	Registry	163	748	3,841
31	Certified	164	4,137	23,930
32	Insurance	165	494	3,068
33	Cod	166	47	269
34	Money Orders	168	1,357	8,807
35	Stamped Cards	159	0	0
36	Stamped Envelopes	169	68	444
37	Special Handling	170	29	151
38	Post Office Box	171	1,547	10,147
39	Other	172	2,686	16,464
40	Total Special Services	173	11,112	67,119
41	Total Volume Variable	198	381,849	2,026,066
42	Other Costs	199	1,316,113	2,273,158
43	Total Costs	200	1,697,962	4,299,224

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 Cost Segments and Components (\$ in '000s)
 CS3 Clerks and Mailhandlers

Line No.	Class, Subclass, or Special Service	Class	Mail Processing	Window Service	Admin Clerks	Product Specific Admin	Time & Attend and Admin Support	Subtotal	Total CS 3
	Column Number		(3.1)	(3.2)	(3.3)	(3.3)	(3.3)	(3.3)	(3)
	Component		0035	0040	0476	0227	0228	0824	0478
1	First-Class Mail								
2	Single Piece Letters	101	3,994,719	447,076	212,957	0	17,640	230,597	4,672,392
3	Presort Letters	102	1,389,545	22,403	92,628	0	7,428	100,056	1,512,004
4	Total Letters	103	5,384,264	469,479	305,585	0	25,068	330,653	6,184,396
5	Single Piece Cards	104	169,008	32,474	10,440	0	906	11,346	212,828
6	Presort Cards	105	50,264	2,045	4,355	0	323	4,678	56,987
7	Total Cards	108	219,273	34,519	14,795	0	1,229	16,024	269,816
8	Total First-Class	109	5,603,536	503,998	320,380	0	26,297	346,677	6,454,212
9	Priority Mail	110	769,641	70,144	28,654	0	2,750	31,404	871,189
10	Express Mail	111	159,864	35,680	6,271	0	586	6,857	202,400
11	Mailgrams	112	17	0	4	0	0	5	22
12	Periodicals								
13	Within County	113	14,083	156	1,423	0	113	1,536	15,775
14	Outside County	117	670,801	1,432	36,884	0	3,060	39,945	712,178
15	Total Periodicals	123	684,884	1,588	38,307	0	3,173	41,481	727,952
16	Standard Mail								
17	Enhanced Carr Rte	126	331,776	5,265	48,299	0	4,288	52,587	389,628
18	Regular	127	3,181,354	54,554	176,725	0	15,167	191,891	3,427,799
19	Total Standard Mail	135	3,513,130	59,819	225,023	0	19,455	244,478	3,817,426
20	Package Services								
21	Parcel Post	136	228,239	15,265	9,989	0	1,048	11,038	254,542
22	Bound Printed Matter	137	141,246	2,887	6,767	0	707	7,474	151,607
23	Media Mail	139	118,986	8,743	4,773	0	472	5,245	132,975
24	Total Package Services	141	488,471	26,895	21,529	0	2,228	23,757	539,124
25	U.S. Postal Service	142	226,420	43,153	12,445	0	774	13,219	282,792
26	Free Mail	147	16,366	213	601	0	60	661	17,240
27	International Mail	161	297,696	28,643	10,656	0	942	11,598	337,937
28	Total All Mail	162	11,760,024	770,134	663,871	0	56,265	720,136	13,250,294
29	Special Services								
30	Registry	163	33,208	4,838	1,516	0	114	1,630	39,677
31	Certified	164	38,579	73,737	6,339	0	775	7,114	119,430
32	Insurance	165	509	21,780	891	0	96	987	23,275
33	Cod	166	677	861	80	0	10	90	1,628
34	Money Orders	168	0	88,494	1,953	0	212	2,166	90,660
35	Stamped Cards	159	0	0	0	0	0	0	0
36	Stamped Envelopes	169	0	4,478	98	0	11	109	4,586
37	Special Handling	170	1,208	502	43	0	4	47	1,757
38	Post Office Box	171	5,364	93,760	2,197	0	543	2,740	101,864
39	Other	172	53,950	53,546	5,047	0	451	5,498	112,994
40	Total Special Services	173	133,495	341,996	18,164	0	2,216	20,380	495,871
41	Total Volume Variable	198	11,893,519	1,112,130	682,035	0	58,481	740,516	13,746,165
42	Other Costs	199	2,541,994	1,537,857	544,593	10,248	42,731	597,572	4,677,423
43	Total Costs	200	14,435,512	2,649,987	1,226,628	10,248	101,212	1,338,088	18,423,587

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Cost Segments and Components (\$ in '000s)
CS4 Clerks, Cag K Post Offices

Line No.	Class, Subclass, or Special Service	Class	Total CS 4 (4.1)
	Column Number		0254
	Component		
1	First-Class Mail		
2	Single Piece Letters	101	1,769
3	Presort Letters	102	610
4	Total Letters	103	2,379
5	Single Piece Cards	104	73
6	Presort Cards	105	22
7	Total Cards	108	94
8	Total First-Class	109	2,473
9	Priority Mail	110	244
10	Express Mail	111	0
11	Mailgrams	112	0
12	Periodicals		
13	Within County	113	6
14	Outside County	117	476
15	Total Periodicals	123	482
16	Standard Mail		
17	Enhanced Carr Rte	126	115
18	Regular	127	1,121
19	Total Standard Mail	135	1,236
20	Package Services		
21	Parcel Post	136	0
22	Bound Printed Matter	137	0
23	Media Mail	139	0
24	Total Package Services	141	0
25	U.S. Postal Service	142	193
26	Free Mail	147	0
27	International Mail	161	0
28	Total All Mail	162	4,628
29	Special Services		
30	Registry	163	44
31	Certified	164	53
32	Insurance	165	1
33	Cod	166	1
34	Money Orders	168	0
35	Stamped Cards	159	0
36	Stamped Envelopes	169	0
37	Special Handling	170	2
38	Post Office Box	171	7
39	Other	172	73
40	Total Special Services	173	181
41	Total Volume Variable	198	4,809
42	Other Costs	199	2,228
43	Total Costs	200	7,037

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 Cost Segments and Components (\$ in '000s)
 CS6 City Delivery Carriers, Office

Line No.	Class, Subclass, or Special Service	Class	In-Office Direct Labor	In-Office Support Overhead	In-Office Support Other (USPS Only)	Carriers CAG K Offices	Subtotal	Total CS 6
	Column Number		(6.1)	(6.2)	(6.2)	(6.2)	(6.2)	(6)
	Component		0043	0044	0604	0045	0837	0256
1	First-Class Mail							
2	Single Piece Letters	101	915,837	208,465	87,302	131	295,899	1,211,735
3	Presort Letters	102	448,594	102,308	46,392	65	148,765	597,358
4	Total Letters	103	1,364,430	310,774	133,694	196	444,664	1,809,094
5	Single Piece Cards	104	58,932	13,391	5,719	8	19,118	78,050
6	Presort Cards	105	19,596	4,469	2,288	3	6,761	26,357
7	Total Cards	108	78,528	17,860	8,007	12	25,879	104,407
8	Total First-Class	109	1,442,958	328,634	141,701	208	470,542	1,913,500
9	Priority Mail	110	37,693	8,537	5,572	6	14,115	51,808
10	Express Mail	111	5,196	1,177	1,243	1	2,420	7,617
11	Mailgrams	112	0	0	5	0	5	5
12	Periodicals							
13	Within County	113	6,825	1,545	721	1	2,267	9,092
14	Outside County	117	225,299	51,022	15,039	32	66,093	291,392
15	Total Periodicals	123	232,124	52,567	15,759	33	68,359	300,484
16	Standard Mail							
17	Enhanced Carr Rte	126	291,553	66,039	33,676	42	99,758	391,311
18	Regular	127	991,635	225,164	85,424	141	310,729	1,302,365
19	Total Standard Mail	135	1,283,188	291,202	119,101	184	410,487	1,693,675
20	Package Services							
21	Parcel Post	136	8,186	1,853	2,634	1	4,488	12,674
22	Bound Printed Matter	137	14,461	3,275	2,931	2	6,208	20,669
23	Media Mail	139	8,050	1,822	1,378	1	3,201	11,251
24	Total Package Services	141	30,697	6,951	6,942	4	13,897	44,594
25	U.S. Postal Service	142	26,160	5,984	1,436	4	7,425	33,585
26	Free Mail	147	1,040	236	178	0	412	1,452
27	International Mail	161	16,300	3,700	1,404	2	5,106	21,406
28	Total All Mail	162	3,075,358	698,988	293,338	442	992,769	4,068,126
29	Special Services							
30	Registry	163	808	183	214	0	397	1,205
31	Certified	164	32,681	7,398	4,770	5	12,173	44,855
32	Insurance	165	981	222	270	0	492	1,473
33	Cod	166	374	85	38	0	123	497
34	Money Orders	168	0	0	0	0	0	0
35	Stamped Cards	159	0	0	0	0	0	0
36	Stamped Envelopes	169	0	0	0	0	0	0
37	Special Handling	170	0	0	0	0	0	0
38	Post Office Box	171	988	224	46	0	269	1,257
39	Other	172	8,414	1,904	1,892	1	3,798	12,212
40	Total Special Services	173	44,247	10,016	7,230	7	17,252	61,499
41	Total Volume Variable	198	3,119,604	709,004	300,568	449	1,010,021	4,129,625
42	Other Costs	199	464,924	105,891	281,339	92	387,323	852,247
43	Total Costs	200	3,584,528	814,896	581,908	541	1,397,344	4,981,872

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 Cost Segments and Components (\$ in '000s)
 CS7 City Delivery Carriers, Street

Line No.	Class, Subclass, or Special Service	Class	Network Travel	Access (PRC Only)	Delivery Activities	Street Support	Total CS 7
	Column Number		(7.1)	(7.2)	(7.3)	(7.4)	(7)
	Component		0054	0048	0046	0280	0838
1	First-Class Mail						
2	Single Piece Letters	101	0	0	1,032,202	133,063	1,165,265
3	Presort Letters	102	0	0	585,468	71,307	656,776
4	Total Letters	103	0	0	1,617,670	204,370	1,822,040
5	Single Piece Cards	104	0	0	68,816	8,801	77,617
6	Presort Cards	105	0	0	31,633	3,859	35,492
7	Total Cards	108	0	0	100,449	12,660	113,109
8	Total First-Class	109	0	0	1,718,119	217,030	1,935,149
9	Priority Mail	110	0	0	94,501	18,432	112,933
10	Express Mail	111	0	0	25,281	5,422	30,703
11	Mailgrams	112	0	0	139	33	171
12	Periodicals						
13	Within County	113	0	0	9,362	1,196	10,557
14	Outside County	117	0	0	104,988	13,412	118,400
15	Total Periodicals	123	0	0	114,350	14,607	128,957
16	Standard Mail						
17	Enhanced Carr Rte	126	0	0	464,263	56,474	520,737
18	Regular	127	0	0	902,135	109,718	1,011,852
19	Total Standard Mail	135	0	0	1,366,398	166,192	1,532,590
20	Package Services						
21	Parcel Post	136	0	0	54,483	9,254	63,737
22	Bound Printed Matter	137	0	0	56,180	11,224	67,404
23	Media Mail	139	0	0	24,576	4,522	29,098
24	Total Package Services	141	0	0	135,239	25,000	160,239
25	U.S. Postal Service	142	0	0	4,755	670	5,425
26	Free Mail	147	0	0	2,954	368	3,322
27	International Mail	161	0	0	15,796	2,991	18,787
28	Total All Mail	162	0	0	3,477,531	450,746	3,928,277
29	Special Services						
30	Registry	163	0	0	4,143	563	4,706
31	Certified	164	0	0	75,014	9,046	84,061
32	Insurance	165	0	0	5,177	624	5,801
33	Cod	166	0	0	491	73	563
34	Money Orders	168	0	0	0	0	0
35	Stamped Cards	159	0	0	0	0	0
36	Stamped Envelopes	169	0	0	0	0	0
37	Special Handling	170	0	0	0	0	0
38	Post Office Box	171	0	0	0	0	0
39	Other	172	0	0	34,825	4,358	39,184
40	Total Special Services	173	0	0	119,651	14,665	134,315
41	Total Volume Variable	198	0	0	3,597,181	465,410	4,062,592
42	Other Costs	199	1,333,827	0	4,710,452	774,679	6,818,958
43	Total Costs	200	1,333,827	0	8,307,634	1,240,089	10,881,550

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 Cost Segments and Components (\$ in '000s)
 CS8 Vehicle Service Drivers

Line No.	Class, Subclass, or Special Service	Class	Total CS 8
	Column Number		(8)
	Component		0258
1	First-Class Mail		
2	Single Piece Letters	101	23,441
3	Presort Letters	102	25,107
4	Total Letters	103	48,549
5	Single Piece Cards	104	220
6	Presort Cards	105	422
7	Total Cards	108	642
8	Total First-Class	109	49,191
9	Priority Mail	110	71,015
10	Express Mail	111	1,592
11	Mailgrams	112	0
12	Periodicals		
13	Within County	113	1,953
14	Outside County	117	30,783
15	Total Periodicals	123	32,736
16	Standard Mail		
17	Enhanced Carr Rte	126	47,323
18	Regular	127	55,879
19	Total Standard Mail	135	103,201
20	Package Services		
21	Parcel Post	136	73,648
22	Bound Printed Matter	137	30,282
23	Media Mail	139	10,354
24	Total Package Services	141	114,285
25	U.S. Postal Service	142	4,122
26	Free Mail	147	675
27	International Mail	161	7,624
28	Total All Mail	162	384,442
29	Special Services		
30	Registry	163	0
31	Certified	164	0
32	Insurance	165	0
33	Cod	166	0
34	Money Orders	168	0
35	Stamped Cards	159	0
36	Stamped Envelopes	169	0
37	Special Handling	170	0
38	Post Office Box	171	0
39	Other	172	0
40	Total Special Services	173	0
41	Total Volume Variable	198	384,442
42	Other Costs	199	245,395
43	Total Costs	200	629,837

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 Cost Segments and Components (\$ in '000s)
 CS10 Rural Carriers

Line No.	Class, Subclass, or Special Service	Class	Evaluated Routes	Other Routes	Equipment Maintenance Allowance	Total CS 10
	Column Number		(10.1)	(10.2)	(10.3)	(10)
	Component		0069	0070	0073	0260
1	First-Class Mail					
2	Single Piece Letters	101	290,068	23,951	0	314,019
3	Presort Letters	102	289,498	23,884	0	313,381
4	Total Letters	103	579,566	47,834	0	627,400
5	Single Piece Cards	104	20,589	1,820	0	22,409
6	Presort Cards	105	17,335	1,468	0	18,803
7	Total Cards	108	37,924	3,288	0	41,212
8	Total First-Class	109	617,489	51,123	0	668,612
9	Priority Mail	110	39,922	3,340	0	43,262
10	Express Mail	111	10,623	949	0	11,572
11	Mailgrams	112	4	0	0	4
12	Periodicals					
13	Within County	113	11,932	911	0	12,843
14	Outside County	117	133,809	10,217	0	144,026
15	Total Periodicals	123	145,741	11,128	0	156,869
16	Standard Mail					
17	Enhanced Carr Rte	126	508,344	40,222	0	548,566
18	Regular	127	595,731	47,864	0	643,595
19	Total Standard Mail	135	1,104,075	88,086	0	1,192,161
20	Package Services					
21	Parcel Post	136	31,867	2,669	0	34,537
22	Bound Printed Matter	137	24,768	2,021	0	26,789
23	Media Mail	139	11,405	950	0	12,355
24	Total Package Services	141	68,040	5,641	0	73,681
25	U.S. Postal Service	142	2,449	206	0	2,655
26	Free Mail	147	2,669	233	0	2,902
27	International Mail	161	4,589	383	0	4,972
28	Total All Mail	162	1,995,600	161,089	0	2,156,689
29	Special Services					
30	Registry	163	3,876	347	0	4,222
31	Certified	164	92,323	8,247	0	100,570
32	Insurance	165	11,212	1,004	0	12,216
33	Cod	166	1,647	145	0	1,792
34	Money Orders	168	1,310	145	0	1,455
35	Stamped Cards	159	0	0	0	0
36	Stamped Envelopes	169	0	0	0	0
37	Special Handling	170	0	0	0	0
38	Post Office Box	171	0	0	0	0
39	Other	172	27,162	4,208	0	31,370
40	Total Special Services	173	137,530	14,095	0	151,625
41	Total Volume Variable	198	2,133,129	175,184	0	2,308,314
42	Other Costs	199	2,845,024	250,661	457,752	3,553,437
43	Total Costs	200	4,978,153	425,845	457,752	5,861,751

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 Cost Segments and Components (\$ in '000s)
 CS11 Custodial and Maint Svcs

Line No.	Class, Subclass, or Special Service	Class	Custodial Personnel	Contract Cleaners	Operating Equipment Maintenance	Plant & Building Equipment Maintenance	Total CS 11
	Column Number		(11.1.1)	(11.1.2)	(11.2)	(11.3)	(11)
	Component		0074	0081	0075	0079	0482
1	First-Class Mail						
2	Single Piece Letters	101	169,096	13,981	385,497	82,160	650,734
3	Presort Letters	102	63,691	5,266	144,792	30,946	244,694
4	Total Letters	103	232,786	19,247	530,288	113,106	895,428
5	Single Piece Cards	104	6,944	574	12,741	3,374	23,632
6	Presort Cards	105	2,355	195	4,147	1,144	7,841
7	Total Cards	108	9,298	769	16,888	4,518	31,473
8	Total First-Class	109	242,085	20,016	547,176	117,624	926,901
9	Priority Mail	110	41,326	3,417	28,322	20,080	93,145
10	Express Mail	111	6,900	570	932	3,353	11,755
11	Mailgrams	112	2	0	0	1	4
12	Periodicals						
13	Within County	113	898	74	396	436	1,804
14	Outside County	117	32,816	2,713	43,285	15,945	94,758
15	Total Periodicals	123	33,714	2,788	43,681	16,381	96,563
16	Standard Mail						
17	Enhanced Carr Rte	126	29,747	2,460	21,840	14,453	68,499
18	Regular	127	146,880	12,144	285,083	71,366	515,473
19	Total Standard Mail	135	176,626	14,604	306,923	85,819	583,972
20	Package Services						
21	Parcel Post	136	13,685	1,131	14,737	6,649	36,203
22	Bound Printed Matter	137	8,308	687	11,726	4,037	24,757
23	Media Mail	139	7,058	584	9,175	3,429	20,245
24	Total Package Services	141	29,050	2,402	35,638	14,115	81,205
25	U.S. Postal Service	142	10,429	862	10,769	5,067	27,129
26	Free Mail	147	782	65	1,091	380	2,318
27	International Mail	161	12,956	1,071	17,102	6,295	37,424
28	Total All Mail	162	553,871	45,795	991,633	269,115	1,860,415
29	Special Services						
30	Registry	163	1,542	127	579	749	2,998
31	Certified	164	5,277	436	391	2,564	8,668
32	Insurance	165	784	65	6	381	1,235
33	Cod	166	72	6	8	35	121
34	Money Orders	168	2,431	201	0	1,181	3,813
35	Stamped Cards	159	0	0	0	0	0
36	Stamped Envelopes	169	124	10	0	60	194
37	Special Handling	170	69	6	29	34	138
38	Post Office Box	171	98,050	8,107	3	47,641	153,800
39	Other	172	3,326	275	3,396	1,616	8,612
40	Total Special Services	173	111,675	9,233	4,412	54,261	179,580
41	Total Volume Variable	198	665,546	55,029	996,045	323,376	2,039,995
42	Other Costs	199	430,860	35,624	498,118	209,347	1,173,949
43	Total Costs	200	1,096,406	90,653	1,494,163	532,722	3,213,944

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 Cost Segments and Components (\$ in '000s)
 CS12 Motor Vehicle Service

Line No.	Class, Subclass, or Special Service	Class	Personnel	Supplies & Materials	Vehicle Hire	Total CS 12
	Column Number		(12.1)	(12.2)	(12.3)	(12)
	Component		0090	0099	0108	0262
1	First-Class Mail					
2	Single Piece Letters	101	22,500	27,660	2,544	52,705
3	Presort Letters	102	13,796	17,509	1,406	32,711
4	Total Letters	103	36,296	45,169	3,951	85,416
5	Single Piece Cards	104	1,391	1,660	162	3,213
6	Presort Cards	105	691	841	66	1,598
7	Total Cards	108	2,082	2,501	227	4,811
8	Total First-Class	109	38,379	47,670	4,178	90,227
9	Priority Mail	110	9,046	13,617	451	23,114
10	Express Mail	111	1,192	1,456	46	2,694
11	Mailgrams	112	5	7	0	12
12	Periodicals					
13	Within County	113	421	582	29	1,032
14	Outside County	117	5,399	7,730	529	13,659
15	Total Periodicals	123	5,820	8,312	558	14,691
16	Standard Mail					
17	Enhanced Carr Rte	126	15,561	20,622	1,145	37,329
18	Regular	127	23,891	30,883	2,591	57,365
19	Total Standard Mail	135	39,452	51,505	3,736	94,694
20	Package Services					
21	Parcel Post	136	7,492	11,935	373	19,801
22	Bound Printed Matter	137	4,526	6,587	211	11,325
23	Media Mail	139	1,666	2,393	82	4,142
24	Total Package Services	141	13,684	20,916	667	35,267
25	U.S. Postal Service	142	440	693	55	1,187
26	Free Mail	147	125	178	7	310
27	International Mail	161	1,142	1,660	71	2,873
28	Total All Mail	162	109,286	146,015	9,768	265,069
29	Special Services					
30	Registry	163	115	137	6	257
31	Certified	164	2,003	2,413	138	4,554
32	Insurance	165	183	221	8	412
33	Cod	166	26	32	2	59
34	Money Orders	168	13	15	0	28
35	Stamped Cards	159	0	0	0	0
36	Stamped Envelopes	169	0	0	0	0
37	Special Handling	170	0	0	0	0
38	Post Office Bcx	171	0	0	1	1
39	Other	172	840	1,006	56	1,902
40	Total Special Services	173	3,179	3,824	211	7,213
41	Total Volume Variable	198	112,465	149,839	9,979	272,282
42	Other Costs	199	325,362	397,669	10,384	733,416
43	Total Costs	200	437,827	547,508	20,363	1,005,698

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 Cost Segments and Components (\$ in '000s)
 CS13 Misc Local Operations

Line No.	Class, Subclass, or Special Service	Class	Contract Stations	Carfare	Driveout	Tolls and Ferriage	Subtotal	Fed Reserve and Commercial Banks	Employee Awards	Mail Equipment Shops Personnel	CAG L Rental Allowance
	Column Number		(13.1)	(13.2)	(13.2)	(13.2)	(13.2)	(13.3)	(13.4)	(13.5)	(13.6)
	Component		0111	0135	0141	0113	0825	0125	0115	0826	0112
1	First-Class Mail										
2	Single Piece Letters	101	0	636	743	0	1,379	0	0	0	0
3	Presort Letters	102	0	327	382	0	709	0	0	0	0
4	Total Letters	103	0	963	1,125	0	2,088	0	0	0	0
5	Single Piece Cards	104	0	42	48	0	89	0	0	0	0
6	Presort Cards	105	0	16	18	0	34	0	0	0	0
7	Total Cards	108	0	58	66	0	123	0	0	0	0
8	Total First-Class	109	0	1,020	1,191	0	2,211	0	0	0	0
9	Priority Mail	110	0	36	42	0	78	0	0	0	0
10	Express Mail	111	0	8	8	0	15	0	0	0	0
11	Mailgrams	112	0	0	0	0	0	0	0	0	0
12	Periodicals										
13	Within County	113	0	4	6	0	10	0	0	0	0
14	Outside County	117	0	128	149	0	277	0	0	0	0
15	Total Periodicals	123	0	132	155	0	287	0	0	0	0
16	Standard Mail										
17	Enhanced Carr Rte	126	0	227	265	0	492	0	0	0	0
18	Regular	127	0	647	756	0	1,402	0	0	0	0
19	Total Standard Mail	135	0	873	1,021	0	1,895	0	0	0	0
20	Package Services										
21	Parcel Post	136	0	14	17	0	31	0	0	0	0
22	Bound Printed Matter	137	0	18	21	0	38	0	0	0	0
23	Media Mail	139	0	9	10	0	19	0	0	0	0
24	Total Package Services	141	0	41	48	0	89	0	0	0	0
25	U.S. Postal Service	142	0	14	16	0	30	0	0	0	0
26	Free Mail	147	0	0	2	0	2	0	0	0	0
27	International Mail	161	0	10	12	0	22	0	0	0	0
28	Total All Mail	162	0	2,134	2,495	0	4,630	0	0	0	0
29	Special Services										
30	Registry	163	0	1	2	0	2	0	0	0	0
31	Certified	164	0	31	35	0	66	0	0	0	0
32	Insurance	165	0	2	2	0	4	0	0	0	0
33	Cod	166	0	0	0	0	0	0	0	0	0
34	Money Orders	168	0	0	0	0	0	0	0	0	0
35	Stamped Cards	159	0	0	0	0	0	0	0	0	0
36	Stamped Envelopes	169	0	0	0	0	0	0	0	0	0
37	Special Handling	170	0	0	0	0	0	0	0	0	0
38	Post Office Box	171	0	0	1	0	1	0	0	0	0
39	Other	172	0	11	13	0	24	0	0	0	0
40	Total Special Services	173	0	44	53	0	97	0	0	0	0
41	Total Volume Variable	198	0	2,179	2,548	0	4,727	0	0	0	0
42	Other Costs	199	79,787	27,263	2,012	340	29,616	32,647	90,185	25,356	28
43	Total Costs	200	79,787	29,442	4,560	340	34,342	32,647	90,185	25,356	28

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 Cost Segments and Components (\$ in '000s)
 CS13 Misc Local Operations

Line No.	Class, Subclass, or Special Service	Class	Other Local Operations	Total CS 13
	Column Number		(13.7)	(13)
	Component		0117	0263
1	First-Class Mail			
2	Single Piece Letters	101	0	1,379
3	Presort Letters	102	0	709
4	Total Letters	103	0	2,088
5	Single Piece Cards	104	0	89
6	Presort Cards	105	0	34
7	Total Cards	108	0	123
8	Total First-Class	109	0	2,211
9	Priority Mail	110	0	78
10	Express Mail	111	0	15
11	Mallgrams	112	0	0
12	Periodicals			
13	Within County	113	0	10
14	Outside County	117	0	277
15	Total Periodicals	123	0	287
16	Standard Mail			
17	Enhanced Carr Rte	126	0	492
18	Regular	127	0	1,402
19	Total Standard Mail	135	0	1,895
20	Package Services			
21	Parcel Post	136	0	31
22	Bound Printed Matter	137	0	38
23	Media Mail	139	0	19
24	Total Package Services	141	0	89
25	U.S. Postal Service	142	0	30
26	Free Mail	147	0	2
27	International Mail	161	0	22
28	Total All Mail	162	0	4,630
29	Special Services			
30	Registry	163	0	2
31	Certified	164	0	66
32	Insurance	165	0	4
33	Cod	166	0	0
34	Money Orders	168	0	0
35	Stamped Cards	169	0	0
36	Stamped Envelopes	169	0	0
37	Special Handling	170	0	0
38	Post Office Box	171	0	1
39	Other	172	0	24
40	Total Special Services	173	0	97
41	Total Volume Variable	198	0	4,727
42	Other Costs	199	50,504	308,124
43	Total Costs	200	50,504	312,850

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 Cost Segments and Components (\$ in '000s)
 CS14 Transportation

Line No.	Class, Subclass, or Special Service	Class	Domestic Air	Domestic Alaska Air	Highway	Railroad	Domestic Water	Subtotal	International Transportation	Total CS 14
	Column Number		(14.1)	(14.1)	(14.1)	(14.1)	(14.1)	(14.1)	(14.2)	(14)
	Component		0142	0681	0143	0144	0145	0542	0828	0264
1	First-Class Mail									
2	Single Piece Letters	101	252,075	16	314,113	4,042	2,117	572,362	0	572,362
3	Presort Letters	102	237,320	0	177,499	2,705	890	418,414	0	418,414
4	Total Letters	103	489,395	16	491,611	6,747	3,007	990,777	0	990,777
5	Single Piece Cards	104	1,286	0	3,924	34	38	5,282	0	5,282
6	Presort Cards	105	4,126	0	4,744	73	26	8,969	0	8,969
7	Total Cards	108	5,412	0	8,668	107	64	14,251	0	14,251
8	Total First-Class	109	494,807	16	500,280	6,854	3,071	1,005,028	0	1,005,028
9	Priority Mail	110	779,150	67	390,936	8,322	2,858	1,181,333	0	1,181,333
10	Express Mail	111	85,410	0	20,050	699	169	106,328	0	106,328
11	Mailgrams	112	0	0	0	0	0	0	0	0
12	Periodicals									
13	Within County	113	0	0	84	1	1	86	0	86
14	Outside County	117	5,339	14	206,426	13,331	2,574	227,683	0	227,683
15	Total Periodicals	123	5,339	14	206,510	13,332	2,575	227,769	0	227,769
16	Standard Mail									
17	Enhanced Carr Rte	126	3,424	48	84,166	5,725	1,300	94,664	0	94,664
18	Regular	127	24,749	45	365,691	41,283	6,085	437,852	0	437,852
19	Total Standard Mail	135	28,173	93	449,857	47,008	7,385	532,516	0	532,516
20	Package Services									
21	Parcel Post	136	8,252	6,932	299,807	25,381	5,044	345,416	0	345,416
22	Bound Printed Matter	137	3,378	10	67,099	4,584	1,002	76,073	0	76,073
23	Media Mail	139	2,646	11	97,681	15,856	2,143	118,336	0	118,336
24	Total Package Services	141	14,277	6,953	464,586	45,821	8,188	539,825	0	539,825
25	U.S. Postal Service	142	8,733	20	12,652	309	169	21,884	0	21,884
26	Free Mail	147	1,532	0	5,345	367	81	7,326	0	7,326
27	International Mail	161	81,539	4	56,452	8,303	522	146,820	715,182	862,002
28	Total All Mail	162	1,498,959	7,167	2,106,668	131,015	25,018	3,768,828	715,182	4,484,010
29	Special Services									
30	Registry	163	0	0	0	0	0	0	0	0
31	Certified	164	0	0	0	0	0	0	0	0
32	Insurance	165	0	0	0	0	0	0	0	0
33	Cod	166	0	0	0	0	0	0	0	0
34	Money Orders	168	0	0	0	0	0	0	0	0
35	Stamped Cards	159	0	0	0	0	0	0	0	0
36	Stamped Envelopes	169	0	0	0	0	0	0	0	0
37	Special Handling	170	0	0	0	0	0	0	0	0
38	Post Office Box	171	0	0	0	0	0	0	0	0
39	Other	172	0	0	0	0	0	0	0	0
40	Total Special Services	173	0	0	0	0	0	0	0	0
41	Total Volume Variable	198	1,498,959	7,167	2,106,668	131,015	25,018	3,768,828	715,182	4,484,010
42	Other Costs	199	208,128	93,921	537,627	1,918	3,554	845,148	(179)	844,969
43	Total Costs	200	1,707,087	101,088	2,644,295	132,933	28,572	4,613,976	715,003	5,328,979

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 Cost Segments and Components (\$ in '000s)
 CS15 Building Occupancy

Line No.	Class, Subclass, or Special Service	Class	Rents	Fuel & Utilities	Communications & Other	Total CS 15
	Column Number		(15.1)	(15.2)	(15.3)	(15)
	Component		0329	0314	0393	0289
1	First-Class Mail					
2	Single Piece Letters	101	238,277	97,797	0	336,074
3	Presort Letters	102	90,282	36,836	0	127,118
4	Total Letters	103	328,559	134,633	0	463,192
5	Single Piece Cards	104	10,057	4,016	0	14,073
6	Presort Cards	105	3,400	1,362	0	4,762
7	Total Cards	108	13,458	5,378	0	18,835
8	Total First-Class	109	342,017	140,010	0	482,028
9	Priority Mail	110	57,640	23,901	0	81,541
10	Express Mail	111	9,907	3,991	0	13,898
11	Mailgrams	112	4	1	0	5
12	Periodicals					
13	Within County	113	1,277	519	0	1,796
14	Outside County	117	45,210	18,979	0	64,189
15	Total Periodicals	123	46,487	19,498	0	65,985
16	Standard Mail					
17	Enhanced Carr Rte	126	43,100	17,204	0	60,304
18	Regular	127	205,422	84,948	0	290,370
19	Total Standard Mail	135	248,522	102,152	0	350,674
20	Package Services					
21	Parcel Post	136	19,171	7,915	0	27,086
22	Bound Printed Matter	137	11,695	4,805	0	16,500
23	Media Mail	139	9,857	4,082	0	13,939
24	Total Package Services	141	40,723	16,801	0	57,524
25	U.S. Postal Service	142	14,650	6,032	0	20,682
26	Free Mail	147	1,091	452	0	1,543
27	International Mail	161	18,196	7,493	0	25,689
28	Total All Mail	162	779,236	320,333	0	1,099,570
29	Special Services					
30	Registry	163	2,271	892	0	3,163
31	Certified	164	8,289	3,052	0	11,341
32	Insurance	165	1,222	453	0	1,675
33	Cod	166	112	41	0	153
34	Money Orders	168	3,788	1,406	0	5,194
35	Stamped Cards	159	0	0	0	1
36	Stamped Envelopes	169	193	72	0	264
37	Special Handling	170	97	40	0	137
38	Post Office Bx	171	156,500	56,708	0	213,207
39	Other	172	5,103	1,923	0	7,026
40	Total Special Services	173	177,574	64,587	0	242,161
41	Total Volume Variable	198	956,810	384,920	0	1,341,731
42	Other Costs	199	0	249,189	377,835	627,024
43	Total Costs	200	956,810	634,110	377,835	1,968,755

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 Cost Segments and Components (\$ in '000s)
 CS16 Supplies and Services

Line No.	Class, Subclass, or Special Service	Class	Stamps & Dispensers	Money Orders	Stamped Cards & Embossed Stamped Envelopes	Subtotal	Supply Personnel	Custodial Supplies & Services	Equipment	Other Misc	Advertising
	Column Number		(16.1)	(16.1)	(16.1)	(16.1)	(16.2)	(16.3.1)	(16.3.2)	(16.3.4)	(16.3.5)
	Component		0180	0181	0248	0839	0173	0176	0184	0630	0246
1	First-Class Mail										
2	Single Piece Letters	101	86,511	0	0	86,511	0	25,158	105,699	223,965	0
3	Presort Letters	102	2,959	0	0	2,959	0	9,476	41,373	93,486	0
4	Total Letters	103	89,470	0	0	89,470	0	34,634	147,072	317,451	0
5	Single Piece Cards	104	5,009	0	0	5,009	0	1,033	3,920	11,438	0
6	Presort Cards	105	267	0	0	267	0	350	1,330	4,065	0
7	Total Cards	108	5,276	0	0	5,276	0	1,383	5,251	15,502	0
8	Total First-Class	109	94,745	0	0	94,745	0	36,018	152,322	332,953	0
9	Priority Mail	110	202	0	0	202	0	6,149	12,285	102,650	0
10	Express Mail	111	13	0	0	13	0	1,027	1,740	16,855	0
11	Mailgrams	112	0	0	0	0	0	0	0	6	0
12	Periodicals										
13	Within County	113	0	0	0	0	0	134	196	1,388	0
14	Outside County	117	0	0	0	0	0	4,882	14,700	42,566	0
15	Total Periodicals	123	0	0	0	0	0	5,016	14,896	43,954	0
16	Standard Mail										
17	Enhanced Carr Rte	126	801	0	0	801	0	4,426	6,690	53,287	0
18	Regular	127	10,013	0	0	10,013	0	21,853	78,084	191,400	0
19	Total Standard Mail	135	10,814	0	0	10,814	0	26,279	84,774	244,687	0
20	Package Services										
21	Parcel Post	136	11	0	0	11	0	2,036	3,892	12,958	0
22	Bound Printed Matter	137	4	0	0	4	0	1,236	2,830	8,746	0
23	Media Mail	139	39	0	0	39	0	1,050	2,282	5,802	0
24	Total Package Services	141	54	0	0	54	0	4,322	9,004	27,505	0
25	U.S. Postal Service	142	0	0	0	0	0	1,552	3,907	9,677	0
26	Free Mail	147	0	0	0	0	0	116	327	749	0
27	International Mail	161	250	30	0	280	0	1,928	5,360	11,637	0
28	Total All Mail	162	106,079	30	0	106,108	0	82,406	284,616	790,673	0
29	Special Services										
30	Registry	163	0	0	0	0	0	229	391	1,371	0
31	Certified	164	0	0	0	0	0	785	435	9,593	0
32	Insurance	165	0	0	0	0	0	117	5	1,178	0
33	Cod	166	0	0	0	0	0	11	8	122	0
34	Money Orders	168	0	7,086	0	7,086	0	362	0	2,621	0
35	Stamped Cards	159	0	0	1,328	1,328	0	0	0	0	0
36	Stamped Envelopes	169	0	0	6,560	6,560	0	18	0	132	0
37	Special Handling	170	0	0	0	0	0	10	15	52	0
38	Post Office Box	171	0	0	0	0	0	14,588	55	3,009	0
39	Other	172	0	0	0	0	0	495	1,115	5,584	0
40	Total Special Services	173	0	7,086	7,887	14,974	0	16,615	2,024	23,662	0
41	Total Volume Variable	198	106,079	7,116	7,887	121,082	0	99,021	286,646	814,335	0
42	Other Costs	199	202	0	0	202	17,616	64,104	115,290	1,434,893	132,132
43	Total Costs	200	106,281	7,116	7,887	121,284	17,616	163,126	401,931	2,249,228	132,132

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 Cost Segments and Components (\$ in '000s)
 CS16 Supplies and Services

Line No.	Class, Subclass, or Special Service	Class	Non-Mail Related Products	Subtotal	Total CS 16
	Column Number		(16.3.6)	(16.3)	(16)
	Component		1426	0831	0490
1	First-Class Mail				
2	Single Piece Letters	101	0	354,822	441,333
3	Presort Letters	102	0	144,335	147,294
4	Total Letters	103	0	499,157	588,627
5	Single Piece Cards	104	0	16,391	21,400
6	Presort Cards	105	0	5,745	6,012
7	Total Cards	108	0	22,136	27,412
8	Total First-Class	109	0	521,293	616,039
9	Priority Mail	110	0	121,083	121,286
10	Express Mail	111	0	19,621	19,634
11	Mailgrams	112	0	6	6
12	Periodicals				
13	Within County	113	0	1,717	1,717
14	Outside County	117	0	62,149	62,149
15	Total Periodicals	123	0	63,866	63,866
16	Standard Mail				
17	Enhanced Carr Rte	126	0	64,403	65,204
18	Regular	127	0	291,337	301,350
19	Total Standard Mail	135	0	355,739	366,553
20	Package Services				
21	Parcel Post	136	0	18,886	18,897
22	Bound Printed Matter	137	0	12,812	12,815
23	Media Mail	139	0	9,135	9,174
24	Total Package Services	141	0	40,832	40,886
25	U.S. Postal Service	142	0	15,136	15,136
26	Free Mail	147	0	1,193	1,193
27	International Mail	161	0	18,925	19,205
28	Total All Mail	162	0	1,157,695	1,263,803
29	Special Services				
30	Registry	163	0	1,991	1,991
31	Certified	164	0	10,813	10,813
32	Insurance	165	0	1,300	1,300
33	Cod	166	0	140	140
34	Money Orders	168	0	2,982	10,069
35	Stamped Cards	159	0	0	1,328
36	Stamped Envelopes	169	0	151	6,710
37	Special Handling	170	0	78	78
38	Post Office Box	171	0	17,651	17,651
39	Other	172	0	7,194	7,194
40	Total Special Services	173	0	42,302	57,275
41	Total Volume Variable	198	0	1,199,996	1,321,078
42	Other Costs	199	11,850	1,758,271	1,776,089
43	Total Costs	200	11,850	2,958,267	3,097,167

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 Cost Segments and Components (\$ in '000s)
 CS17 Research and Development

Line No.	Class, Subclass, or Special Service	Class	Total CS 17
	Column Number		(17)
	Component		0267
1	First-Class Mail		
2	Single Piece Letters	101	0
3	Presort Letters	102	0
4	Total Letters	103	0
5	Single Piece Cards	104	0
6	Presort Cards	105	0
7	Total Cards	108	0
8	Total First-Class	109	0
9	Priority Mail	110	0
10	Express Mail	111	0
11	Mailgrams	112	0
12	Periodicals		
13	Within County	113	0
14	Outside County	117	0
15	Total Periodicals	123	0
16	Standard Mail		
17	Enhanced Carr Rte	126	0
18	Regular	127	0
19	Total Standard Mail	135	0
20	Package Services		
21	Parcel Post	136	0
22	Bound Printed Matter	137	0
23	Media Mail	139	0
24	Total Package Services	141	0
25	U.S. Postal Service	142	0
26	Free Mail	147	0
27	International Mail	161	0
28	Total All Mail	162	0
29	Special Services		
30	Registry	163	0
31	Certified	164	0
32	Insurance	165	0
33	Cod	166	0
34	Money Orders	168	0
35	Stamped Cards	159	0
36	Stamped Envelopes	169	0
37	Special Handling	170	0
38	Post Office Box	171	0
39	Other	172	0
40	Total Special Services	173	0
41	Total Volume Variable	198	0
42	Other Costs	199	56,991
43	Total Costs	200	56,991

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 Cost Segments and Components (\$ in '000s)
 CS18 Admin and Area Operations

Line No.	Class, Subclass, or Special Service	Class	Headquarters	Money Order Division	Area Administration	Postal Inspection Service	Subtotal	HQ & Area Supplies & Services	HQ & Area Misc Support	Inspection Expenses & Employee Losses
	Column Number		(18.1.1)	(18.1.2)	(18.1.3)	(18.1.4)	(18.1)	(18.2.1)	(18.2.2)	(18.2.3)
	Component		0191	0192	0193	0832	0833	0210	0211	0212
1	First-Class Mail									
2	Single Piece Letters	101	0	0	0	12,393	12,393	0	0	0
3	Presort Letters	102	0	0	0	4,668	4,668	0	0	0
4	Total Letters	103	0	0	0	17,062	17,062	0	0	0
5	Single Piece Cards	104	0	0	0	509	509	0	0	0
6	Presort Cards	105	0	0	0	173	173	0	0	0
7	Total Cards	108	0	0	0	681	681	0	0	0
8	Total First-Class	109	0	0	0	17,743	17,743	0	0	0
9	Priority Mail	110	0	0	0	3,029	3,029	0	0	0
10	Express Mail	111	0	0	0	506	506	0	0	0
11	Mailgrams	112	0	0	0	0	0	0	0	0
12	Periodicals									
13	Within County	113	0	0	0	66	66	0	0	0
14	Outside County	117	0	0	0	2,405	2,405	0	0	0
15	Total Periodicals	123	0	0	0	2,471	2,471	0	0	0
16	Standard Mail									
17	Enhanced Carr Rte	126	0	0	0	2,180	2,180	0	0	0
18	Regular	127	0	0	0	10,765	10,765	0	0	0
19	Total Standard Mail	135	0	0	0	12,945	12,945	0	0	0
20	Package Services									
21	Parcel Post	136	0	0	0	1,003	1,003	0	0	0
22	Bound Printed Matter	137	0	0	0	609	609	0	0	0
23	Media Mail	139	0	0	0	517	517	0	0	0
24	Total Package Services	141	0	0	0	2,129	2,129	0	0	0
25	U.S. Postal Service	142	0	0	0	764	764	0	0	0
26	Free Mail	147	0	0	0	57	57	0	0	0
27	International Mail	161	0	0	0	950	950	0	0	0
28	Total All Mail	162	0	0	0	40,595	40,595	0	0	0
29	Special Services									
30	Registry	163	0	0	0	113	113	0	0	0
31	Certified	164	0	0	0	387	387	0	0	0
32	Insurance	165	0	0	0	57	57	0	0	0
33	Cod	166	0	0	0	5	5	0	0	0
34	Money Orders	168	0	0	0	178	178	0	0	0
35	Stamped Cards	159	0	0	0	0	0	0	0	0
36	Stamped Envelopes	169	0	0	0	9	9	0	0	0
37	Special Handling	170	0	0	0	5	5	0	0	0
38	Post Office Box	171	0	0	0	7,186	7,186	0	0	0
39	Other	172	0	0	0	244	244	0	0	0
40	Total Special Services	173	0	0	0	8,185	8,185	0	0	0
41	Total Volume Variable	198	0	0	0	48,780	48,780	0	0	0
42	Other Costs	199	664,211	5,480	255,069	514,112	1,438,672	210,965	224,000	1,208
43	Total Costs	200	664,211	5,480	255,069	562,891	1,487,652	210,965	224,000	1,208

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Cost Segments and Components (\$ in '000s)
CS18 Admin and Area Operations

No.	Line	Class, Subclass, or Special Service	Column Number	Component
	1	First-Class Mail		
	2	Single Piece Letters	101	0
	3	Presort Letters	102	0
	4	Total Letters	103	0
	5	Single Piece Cards	104	0
	6	Presort Cards	105	0
	7	Total Cards	108	0
	8	Total First-Class	109	0
	9	Priority Mail	110	0
	10	Express Mail	111	0
	11	Mailgrams	112	0
	12	Periodicals	113	0
	13	Outside County	117	0
	14	Within County	118	0
	15	Total Periodicals	123	0
	16	Standard Mail	126	0
	17	Enhanced Carr Rate	127	0
	18	Regular	128	0
	19	Total Standard Mail	135	0
	20	Package Services		0
	21	Parcel Post	136	0
	22	Bound Printed Matter	137	0
	23	Media Mail	139	0
	24	Total Package Services	141	0
	25	U.S. Postal Service	142	0
	26	Free Mail	147	0
	27	International Mail	161	0
	28	Total All Mail	162	0
	29	Special Services		0
	30	Registry	163	0
	31	Certified	164	0
	32	Insurance	165	0
	33	Cod	166	0
	34	Money Orders	168	0
	35	Stamped Cards	169	0
	36	Stamped Envelopes	169	0
	37	Special Handling	170	0
	38	Post Office Box	171	0
	39	Other	172	0
	40	Total Special Services	173	0
	41	Total Volume Variable	198	0
	42	Other Costs	199	0
	43	Total Costs	200	0
	43	Total Costs	(3,114)	7,718
	150	Misc Personnel	(18,26)	1430
	Commissions	Money Orders on Non-US	(18,27)	0244
	Subtotal		(18,2)	0840
	Repriced	Annual Leave	(18,3,1)	0199
	Holiday Leave	Variance	(18,3,2)	0200
	Civil Service	Retirement	(18,3,3)	0488
	23,972			

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 Cost Segments and Components (\$ In '000s)
 CS18 Admin and Area Operations

Line No.	Class, Subclass, or Special Service	Class	Workers' Compensation	Unemployment Compensation	Retiree Health Benefits	Annuity Life Insurance	CS Retirement Reform Escrow (FY 2006)	Annuity Protection Program	FERS Retirement	Subtotal	Total CS 18
	Column Number		(18.3.4)	(18.3.5)	(18.3.6)	(18.3.7)	(18.3.8)	(18.3.9)	(18.3.10)	(18.3)	(18)
	Component		0486	0241	0208	0071	1435	0207	0019	0835	0459
1	First-Class Mail										
2	Single Piece Letters	101	169,129	12,900	294,001	1,846	0	0	0	495,442	507,835
3	Presort Letters	102	71,221	5,432	123,806	777	0	0	0	208,634	213,302
4	Total Letters	103	240,350	18,332	417,807	2,623	0	0	0	704,076	721,137
5	Single Piece Cards	104	8,688	663	15,103	95	0	0	0	25,451	25,960
6	Presort Cards	105	3,097	236	5,384	34	0	0	0	9,072	9,245
7	Total Cards	108	11,785	899	20,486	129	0	0	0	34,523	35,204
8	Total First-Class	109	252,135	19,231	438,293	2,751	0	0	0	738,598	756,341
9	Priority Mail	110	26,362	2,011	45,826	288	0	0	0	77,224	80,253
10	Express Mail	111	5,619	429	9,768	61	0	0	0	16,461	16,966
11	Mailgrams	112	4	0	8	0	0	0	0	13	13
12	Periodicals										
13	Within County	113	1,080	82	1,877	12	0	0	0	3,163	3,229
14	Outside County	117	29,343	2,238	51,008	320	0	0	0	85,957	88,362
15	Total Periodicals	123	30,423	2,320	52,885	332	0	0	0	89,120	91,591
16	Standard Mail										
17	Enhanced Carr Rte	126	41,110	3,135	71,462	449	0	0	0	120,425	122,606
18	Regular	127	145,418	11,091	252,784	1,587	0	0	0	425,983	436,749
19	Total Standard Mail	135	186,528	14,227	324,246	2,035	0	0	0	546,409	559,354
20	Package Services										
21	Parcel Post	136	10,052	767	17,473	110	0	0	0	29,445	30,448
22	Bound Printed Matter	137	6,778	517	11,783	74	0	0	0	19,856	20,465
23	Media Mail	139	4,527	345	7,869	49	0	0	0	13,261	13,778
24	Total Package Services	141	21,357	1,629	37,125	233	0	0	0	62,562	64,692
25	U.S. Postal Service	142	7,423	566	12,904	81	0	0	0	21,746	22,510
26	Free Mail	147	576	44	1,002	6	0	0	0	1,688	1,745
27	International Mail	161	9,033	689	15,702	99	0	0	0	26,461	30,627
28	Total All Mail	162	539,461	41,145	937,758	5,887	0	0	0	1,580,281	1,624,093
29	Special Services										
30	Registry	163	1,095	83	1,903	12	0	0	0	3,207	3,320
31	Certified	164	7,433	567	12,921	81	0	0	0	21,775	22,161
32	Insurance	165	916	70	1,593	10	0	0	0	2,684	2,742
33	Cod	166	95	7	165	1	0	0	0	279	284
34	Money Orders	168	2,036	155	3,539	22	0	0	0	5,964	6,142
35	Stamped Cards	159	0	0	0	0	0	0	0	1	1
36	Stamped Envelopes	169	103	8	178	1	0	0	0	300	309
37	Special Handling	170	40	3	70	0	0	0	0	117	122
38	Post Office Box	171	5,202	397	9,042	57	0	0	0	15,238	22,424
39	Other	172	4,326	330	7,520	47	0	0	0	12,673	12,917
40	Total Special Services	173	21,246	1,620	36,932	232	0	0	0	62,237	70,422
41	Total Volume Variable	198	560,707	42,766	974,691	6,119	0	0	0	1,642,518	1,694,515
42	Other Costs	199	839,024	33,419	761,673	4,781	3,081,016	1,077	0	4,790,473	6,670,271
43	Total Costs	200	1,399,731	76,185	1,736,364	10,900	3,081,016	1,077	0	6,432,991	8,364,787

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 Cost Segments and Components (\$ in '000s)
 CS19 General Mgmt Systems

Line No.	Class, Subclass, or Special Service	Class	Total CS 19 (19)
	Component		0269
1	First-Class Mail		
2	Single Piece Letters	101	0
3	Presort Letters	102	0
4	Total Letters	103	0
5	Single Piece Cards	104	0
6	Presort Cards	105	0
7	Total Cards	108	0
8	Total First-Class	109	0
9	Priority Mail	110	0
10	Express Mail	111	0
11	Mailgrams	112	0
12	Periodicals		
13	Within County	113	0
14	Outside County	117	0
15	Total Periodicals	123	0
16	Standard Mail		
17	Enhanced Carr Rio	126	0
18	Regular	127	0
19	Total Standard Mail	135	0
20	Package Services		
21	Parcel Post	136	0
22	Bound Printed Matter	137	0
23	Media Mail	139	0
24	Total Package Services	141	0
25	U.S. Postal Service	142	0
26	Free Mail	147	0
27	International Mail	161	0
28	Total All Mail	162	0
29	Special Services		
30	Registry	163	0
31	Certified	164	0
32	Insurance	165	0
33	Cod	166	0
34	Money Orders	168	0
35	Stamped Cards	159	0
36	Stamped Envelopes	169	0
37	Special Handling	170	0
38	Post Office Box	171	0
39	Other	172	0
40	Total Special Services	173	0
41	Total Volume Variable	198	0
42	Other Costs	199	63,843
43	Total Costs	200	63,843

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 Cost Segments and Components (\$ in '000s)
 CS20 Other Accrued Expenses

Line No.	Class, Subclass, or Special Service	Class	Equipment Depreciation	Vehicle Depreciation	Building & Leasehold Depreciation	Indemnities	Interest Expense	Other Expenses and Credits	Total CS 20
	Column Number		(20.1)	(20.2)	(20.3)	(20.4)	(20.5)	(20.6)	(20)
	Component		0505	0447	0420	0397	0283	0399	0475
1	First-Class Mail								
2	Single Piece Letters	101	207,649	7,847	179,983	0	4,466	0	399,944
3	Presort Letters	102	74,709	5,232	68,195	0	1,673	0	149,808
4	Total Letters	103	282,357	13,078	248,178	0	6,139	0	549,752
5	Single Piece Cards	104	6,181	476	7,597	0	161	0	14,415
6	Presort Cards	105	2,221	252	2,568	0	57	0	5,099
7	Total Cards	108	8,402	728	10,165	0	218	0	19,514
8	Total First-Class	109	290,760	13,807	258,343	0	6,357	0	569,266
9	Priority Mail	110	22,116	3,350	43,538	0	779	0	69,783
10	Express Mail	111	694	240	7,483	753	95	0	9,265
11	Mailgrams	112	0	1	3	0	0	0	4
12	Periodicals								
13	Within County	113	302	162	965	0	16	0	1,444
14	Outside County	117	36,270	2,147	34,149	0	819	0	73,386
15	Total Periodicals	123	36,572	2,308	35,114	0	836	0	74,830
16	Standard Mail								
17	Enhanced Carr Rte	126	13,188	5,927	32,556	0	583	0	52,254
18	Regular	127	187,064	9,109	155,166	0	3,968	0	355,306
19	Total Standard Mail	135	200,252	15,036	187,721	0	4,551	0	407,560
20	Package Services								
21	Parcel Post	136	11,137	3,187	14,481	0	325	0	29,131
22	Bound Printed Matter	137	9,068	1,544	8,834	0	220	0	19,666
23	Media Mail	139	7,437	568	7,445	0	174	0	15,625
24	Total Package Services	141	27,642	5,300	30,760	0	719	0	64,421
25	U.S. Postal Service	142	9,004	190	11,066	0	229	0	20,489
26	Free Mail	147	821	50	824	0	19	0	1,714
27	International Mail	161	13,428	394	13,745	2,385	311	0	30,263
28	Total All Mail	162	601,289	40,677	588,597	3,138	13,896	0	1,247,596
29	Special Services								
30	Registry	163	414	35	1,715	1,559	24	0	3,748
31	Certified	164	296	699	6,261	0	82	0	7,338
32	Insurance	165	5	61	923	14,561	11	0	15,561
33	Cod	166	6	7	85	2,050	1	0	2,150
34	Money Orders	168	0	4	2,862	0	32	0	2,898
35	Stamped Cards	169	0	0	0	0	0	0	0
36	Stamped Envelopes	169	0	0	146	0	2	0	147
37	Special Handling	170	27	0	73	0	1	0	101
38	Post Office Box	171	0	0	118,212	0	1,335	0	119,547
39	Other	172	1,152	287	3,854	0	60	0	5,352
40	Total Special Services	173	1,899	1,094	134,130	18,170	1,548	0	156,842
41	Total Volume Variable	198	603,188	41,770	722,727	21,308	15,445	0	1,404,438
42	Other Costs	199	783,494	139,092	0	113,787	299,800	(3,089)	1,333,082
43	Total Costs	200	1,386,682	180,862	722,727	135,096	315,244	(3,089)	2,737,522

R2005-1 USPS_version - FY 2006BR After Workyear Mix
Cost Segments and Components (\$ in '000s)

Line No.	Class, Subclass, or Special Service	Column Number	Component
1	First-Class Mail	(2.5)	Employee & Labor Relations
2	Single Piece Letters	(2.5)	Employee & Labor Relations
3	Presort Letters	(2.5)	Employee & Labor Relations
4	Total Letters	(2.5)	Employee & Labor Relations
5	Single Piece Cards	(2.5)	Employee & Labor Relations
6	Presort Cards	(2.5)	Employee & Labor Relations
7	Total Cards	(2.5)	Employee & Labor Relations
8	Total First-Class	(2.5)	Employee & Labor Relations
9	Priority Mail	(2.5)	Employee & Labor Relations
10	Express Mail	(2.5)	Employee & Labor Relations
11	Mailgrams	(2.5)	Employee & Labor Relations
12	Periodicals	(2.5)	Employee & Labor Relations
13	Within County	(2.5)	Employee & Labor Relations
14	Outside County	(2.5)	Employee & Labor Relations
15	Total Periodicals	(2.5)	Employee & Labor Relations
16	Standard Mail	(2.5)	Employee & Labor Relations
17	Enhanced Car Rate	(2.5)	Employee & Labor Relations
18	Regular	(2.5)	Employee & Labor Relations
19	Total Standard Mail	(2.5)	Employee & Labor Relations
20	Package Services	(2.5)	Employee & Labor Relations
21	Parcel Post	(2.5)	Employee & Labor Relations
22	Bound Printed Matter	(2.5)	Employee & Labor Relations
23	Media Mail	(2.5)	Employee & Labor Relations
24	Total Package Services	(2.5)	Employee & Labor Relations
25	U.S. Postal Service	(2.5)	Employee & Labor Relations
26	Free Mail	(2.5)	Employee & Labor Relations
27	International Mail	(2.5)	Employee & Labor Relations
28	Total All Mail	(2.5)	Employee & Labor Relations
29	Special Services	(2.5)	Employee & Labor Relations
30	Registered	(2.5)	Employee & Labor Relations
31	Certified	(2.5)	Employee & Labor Relations
32	Insurance	(2.5)	Employee & Labor Relations
33	Cod	(2.5)	Employee & Labor Relations
34	Money Orders	(2.5)	Employee & Labor Relations
35	Stamped Cards	(2.5)	Employee & Labor Relations
36	Stamped Envelopes	(2.5)	Employee & Labor Relations
37	Special Handling	(2.5)	Employee & Labor Relations
38	Post Office Box	(2.5)	Employee & Labor Relations
39	Other	(2.5)	Employee & Labor Relations
40	Total Special Services	(2.5)	Employee & Labor Relations
41	Total Volume Variable	(2.5)	Employee & Labor Relations
42	Other Costs	(2.5)	Employee & Labor Relations
43	Total Costs	(2.5)	Employee & Labor Relations

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R2005-1 USPS_version - FY 2006BR After Workyear A
 Cost Segments and Components (\$ in '000s)
 Plant, Equip, Servicewide, and
 Selected Admin Costs

Line No.	Class, Subclass, or Special Service	Class	FERS Retirement	Workers' Compensation	Unemployment Compensation	Retiree Health Benefits	Annuitant Life Insurance	Annuitant COLA/ Principal	Depreciation	Interest Expense	Total
	Column Number		(18.3)	(18.3)	(18.3)	(18.3)	(18.3)	(18.3)	(20.1 - 20.4)	(20.5)	
	Component										
1	First-Class Mail										
2	Single Piece Letters	101	0	4,232	12,900	294,001	1,846	0	399,944	0	1,352,674
3	Presort Letters	102	0	2,032	5,432	123,806	777	0	149,808	0	523,544
4	Total Letters	103	0	6,264	18,332	417,807	2,623	0	549,752	0	1,876,218
5	Single Piece Cards	104	0	229	663	15,103	95	0	14,415	0	57,068
6	Presort Cards	105	0	86	236	5,384	34	0	5,099	0	19,839
7	Total Cards	108	0	315	899	20,486	129	0	19,514	0	76,907
8	Total First-Class	109	0	6,578	19,231	438,293	2,751	0	569,266	0	1,953,126
9	Priority Mail	110	0	1,038	2,011	45,826	288	0	69,783	0	274,740
10	Express Mail	111	0	229	429	9,768	61	0	8,512	0	45,317
11	Mailgrams	112	0	0	0	8	0	0	4	0	21
12	Periodicals										
13	Within County	113	0	37	82	1,877	12	0	1,444	0	6,869
14	Outside County	117	0	(2,025)	2,238	51,008	320	0	73,386	0	247,192
15	Total Periodicals	123	0	(1,988)	2,320	52,885	332	0	74,830	0	254,061
16	Standard Mail										
17	Enhanced Carr Rte	126	0	1,091	3,135	71,462	449	0	52,254	0	242,354
18	Regular	127	0	3,730	11,091	252,784	1,587	0	355,306	0	1,178,823
19	Total Standard Mail	135	0	4,821	14,227	324,246	2,035	0	407,560	0	1,421,176
20	Package Services										
21	Parcel Post	136	0	435	767	17,473	110	0	29,131	0	99,630
22	Bound Printed Matter	137	0	261	517	11,783	74	0	19,666	0	63,755
23	Media Mail	139	0	214	345	7,869	49	0	15,625	0	50,742
24	Total Package Services	141	0	909	1,629	37,125	233	0	64,421	0	214,127
25	U.S. Postal Service	142	0	320	566	12,904	81	0	20,489	0	73,793
26	Free Mail	147	0	21	44	1,002	6	0	1,714	0	5,736
27	International Mail	161	0	384	689	15,702	99	0	27,878	0	93,753
28	Total All Mail	162	0	12,313	41,145	937,758	5,887	0	1,244,458	0	4,335,850
29	Special Services										
30	Registry	163	0	64	83	1,903	12	0	2,189	0	10,198
31	Certified	164	0	228	567	12,921	81	0	7,338	0	42,004
32	Insurance	165	0	33	70	1,593	10	0	1,000	0	5,796
33	Cod	166	0	3	7	165	1	0	100	0	559
34	Money Orders	168	0	92	155	3,539	22	0	2,898	0	16,281
35	Stamped Cards	159	0	0	0	0	0	0	0	0	2
36	Stamped Envelopes	169	0	5	8	178	1	0	147	0	826
37	Special Handling	170	0	2	3	70	0	0	101	0	438
38	Post Office Box	171	0	2,966	397	9,042	57	0	119,547	0	521,687
39	Other	172	0	143	330	7,520	47	0	5,352	0	26,422
40	Total Special Services	173	0	3,536	1,620	36,932	232	0	138,672	0	624,213
41	Total Volume Variable	198	0	15,850	42,766	974,691	6,119	0	1,383,130	0	4,960,063
42	Other Costs	199	0	(15,850)	33,419	761,673	4,781	3,081,016	933,004	289,381	6,104,103
43	Total Costs	200	0	0	76,185	1,736,364	10,900	3,081,016	2,316,133	289,381	11,064,163

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R2005-1 USPS_version - FY 2006BR After Workyear 1
 Cost Segments and Components (\$ in '000s)
 Plant, Equip, Servicewide, and
 Selected Admin Costs

Line No.	Class, Subclass, or Special Service	Class	Adjusted Alaska Air
	Column Number		(14.1)
	Component		
1	First-Class Mail		
2	Single Piece Letters	101	16
3	Presort Letters	102	0
4	Total Letters	103	16
5	Single Piece Cards	104	0
6	Presort Cards	105	0
7	Total Cards	108	0
8	Total First-Class	109	16
9	Priority Mail	110	67
10	Express Mail	111	0
11	Mailgrams	112	0
12	Periodicals		
13	Within County	113	0
14	Outside County	117	14
15	Total Periodicals	123	14
16	Standard Mail		
17	Enhanced Carr Rte	126	48
18	Regular	127	45
19	Total Standard Mail	135	93
20	Package Services		
21	Parcel Post	136	6,932
22	Bound Printed Matter	137	10
23	Media Mail	139	11
24	Total Package Services	141	6,953
25	U.S. Postal Service	142	20
26	Free Mail	147	0
27	International Mail	161	4
28	Total All Mail	162	7,167
29	Special Services		
30	Registry	163	0
31	Certified	164	0
32	Insurance	165	0
33	Cod	166	0
34	Money Orders	168	0
35	Stamped Cards	159	0
36	Stamped Envelopes	169	0
37	Special Handling	170	0
38	Post Office Box	171	0
39	Other	172	0
40	Total Special Services	173	0
41	Total Volume Variable	198	7,167
42	Other Costs	199	93,921
43	Total Costs	200	101,088

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Exhibit USPS-T-10G

“D” Report

Final Adjustments

Test Year 2006 Before Rates

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R2005-1 USPS Version - FY 2006BR After Workyear Mix
Cost Segments and Components (\$ in '000s)
D Report

Line	No.	Class, Subclass, or Special Service	Column Number	Component	Adjusted Volume Variable Including Contingency	Adjusted Volume Variable Before Contingency	Final Adjustments	Adjusted Volume Variable Before Contingency	Contingency	Adjusted Volume Variable Including Contingency
1		First-Class Mail			0	11,107,160	(67,931)	4,720,891	0	11,107,160
2		Single Piece Letters	101		11,107,160	11,107,160	(67,931)	4,720,891	0	11,107,160
3		Presort Letters	102		4,786,821				0	4,786,821
4		Total Letters	103		15,895,982	15,828,051	(67,931)	15,828,051	0	15,828,051
5		Single Piece Cards	104		536,003	536,003	0	536,003	0	536,003
6		Presort Cards	105		196,489	191,881	(4,608)	191,881	0	191,881
7		Total Cards	106		732,492	727,884	(4,608)	727,884	0	727,884
8		Total First-Class	109		16,628,474	16,555,935	(72,539)	16,555,935	0	16,555,935
9		Priority Mail	110		2,922,936	2,947,777	24,842	2,947,777	0	2,947,777
10		Express Mail	111		460,594	460,594	0	460,594	0	460,594
11		Milegrams	112		262	262	0	262	0	262
12		Periodicals								
13		Within County	113		65,191	65,191	0	65,191	0	65,191
14		Outside County	117		2,054,221	2,054,221	0	2,054,221	0	2,054,221
15		Total Periodicals	123		2,119,411	2,119,411	0	2,119,411	0	2,119,411
16		Standard Mail								
17		Enhanced Carr Rie	126		2,560,555	2,560,555	0	2,560,555	0	2,560,555
18		Regular	127		9,438,304	9,189,021	(249,283)	9,189,021	0	9,189,021
19		Total Standard Mail	135		11,998,859	11,749,576	(249,283)	11,749,576	0	11,749,576
20		Package Services								
21		Parcel Post	136		987,423	1,052,665	65,242	1,052,665	0	1,052,665
22		Bound Printed Matter	137		505,779	505,779	0	505,779	0	505,779
23		Media Mail	139		409,398	409,398	0	409,398	0	409,398
24		Total Package Services	141		1,902,599	1,967,841	65,242	1,967,841	0	1,967,841
25		U.S. Postal Service	142		488,543	0	(488,543)	43,751	0	43,751
26		Free Mail	147		43,751	43,751	0	43,751	0	43,751
27		International Mail	161		1,440,530	1,440,530	0	1,440,530	0	1,440,530
28		Total All Mail	162		38,005,960	37,285,679	(721,738)	37,285,679	0	37,285,679
29		Special Services								
30		Registry	163		69,450	69,450	0	69,450	0	69,450
31		Certified	164		441,799	441,799	0	441,799	0	441,799
32		Insurance	165		69,284	69,284	0	69,284	0	69,284
33		Cod	166		7,719	7,719	0	7,719	0	7,719
34		Money Orders	168		130,464	130,464	0	130,464	0	130,464
35		Stamped Cards	159		1,340	1,340	0	1,340	0	1,340
36		Stamped Envelopes	169		12,778	12,778	0	12,778	0	12,778
37		Special Handling	170		2,526	2,526	0	2,526	0	2,526
38		Post Office Box	171		644,908	644,908	0	644,908	0	644,908
39		Other	172		260,034	175,343	(84,691)	175,343	0	175,343
40		Total Special Services	173		1,640,303	1,555,611	(84,691)	1,555,611	0	1,555,611
41		Total Volume Variable	198		39,646,262	38,841,290	(804,972)	38,841,290	0	38,841,290
42		Other Costs	199		33,907,237	34,395,781	0	34,395,781	0	34,395,781
43		Total Costs	200		73,553,500	73,237,071	(316,429)	73,237,071	0	73,237,071

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Exhibit USPS-T-10H

“C” Report

Cost Segments & Components Report

Test Year 2006 After Rates

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R2005-1 USPS_version - FY 2006AR After Workyear Mix
 Cost Segments and Components (\$ in '000s)
 Cost Segment Totals

Line No.	Class, Subclass, or Special Service	Class	CS 1 Postmasters	CS 2 Supervisors & Technicians	CS 3 Clerks & Mailhandlers	CS 4 Clerks CAG K Post Offices	CS 6&7 City Delivery Carriers	CS 8 Vehicle Service Drivers	CS 10 Rural Carriers	CS 11 Custodial and Maint Svcs
	Column Number		(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)
	Component		0251	0284	0478	0254	0281	0258	0260	0482
1	First-Class Mail									
2	Single Piece Letters	101	117,521	629,266	4,617,254	1,747	2,347,524	23,153	310,148	645,880
3	Presort Letters	102	89,348	256,905	1,498,870	604	1,242,329	24,874	310,455	243,523
4	Total Letters	103	206,869	886,171	6,116,124	2,352	3,589,853	48,027	620,603	889,403
5	Single Piece Cards	104	3,609	32,634	210,109	72	153,557	217	22,107	23,428
6	Presort Cards	105	3,382	11,236	56,150	21	60,890	416	18,512	7,757
7	Total Cards	108	6,990	43,871	266,259	93	214,446	633	40,620	31,185
8	Total First-Class	109	213,859	930,041	6,382,383	2,445	3,804,300	48,659	661,223	920,588
9	Priority Mail	110	25,409	90,258	826,685	231	156,244	67,359	41,034	89,805
10	Express Mail	111	4,846	20,044	192,752	0	36,465	1,516	11,013	11,429
11	Mailgrams	112	0	17	22	0	176	0	4	4
12	Periodicals									
13	Within County	113	436	3,463	16,006	6	19,919	1,980	13,021	1,846
14	Outside County	117	12,696	119,171	708,371	473	407,827	30,639	143,348	94,970
15	Total Periodicals	123	13,131	122,634	724,377	480	427,746	32,619	156,368	96,816
16	Standard Mail									
17	Enhanced Carr Rte	126	34,963	121,413	377,422	112	882,946	45,818	531,109	66,797
18	Regular	127	84,946	509,862	3,401,002	1,112	2,294,839	55,417	638,263	514,069
19	Total Standard Mail	135	119,909	631,274	3,778,423	1,223	3,177,786	101,234	1,169,372	580,867
20	Package Services									
21	Parcel Post	136	6,791	32,426	242,010	0	72,602	69,984	32,818	34,728
22	Bound Printed Matter	137	3,897	23,840	153,633	0	89,191	30,670	27,132	25,269
23	Media Mail	139	2,379	15,611	132,209	0	40,089	10,289	12,276	20,289
24	Total Package Services	141	13,066	71,877	527,852	0	201,882	110,943	72,226	80,285
25	U.S. Postal Service	142	0	30,722	282,986	193	39,005	4,122	2,653	27,417
26	Free Mail	147	0	2,008	17,249	0	4,774	675	2,902	2,337
27	International Mail	161	8,730	32,211	332,025	0	39,462	7,487	4,882	37,104
28	Total All Mail	162	398,951	1,931,086	13,064,754	4,572	7,887,839	374,614	2,121,677	1,846,652
29	Special Services									
30	Registry	163	257	3,599	37,215	41	5,538	0	3,956	2,867
31	Certified	164	3,914	23,646	118,117	52	127,379	0	99,380	8,634
32	Insurance	165	514	3,021	22,947	1	7,165	0	12,033	1,226
33	Cod	166	61	266	1,611	1	1,048	0	1,771	120
34	Money Orders	168	1,387	8,727	89,925	0	0	0	1,442	3,808
35	Stamped Cards	159	11	0	0	0	0	0	0	0
36	Stamped Envelopes	169	122	444	4,590	0	0	0	0	196
37	Special Handling	170	40	149	1,738	2	0	0	0	139
38	Post Office Box	171	4,837	9,823	98,625	7	1,216	0	0	153,681
39	Other	172	3,673	15,896	109,197	71	49,621	0	30,289	8,363
40	Total Special Services	173	14,816	65,570	483,965	174	191,966	0	148,872	179,034
41	Total Volume Variable	198	413,767	1,996,656	13,548,716	4,746	8,079,805	374,614	2,270,545	2,025,687
42	Other Costs	199	1,896,631	2,273,057	4,680,485	2,228	7,670,390	245,395	3,553,381	1,176,245
43	Total Costs	200	2,310,398	4,269,713	18,229,201	6,975	15,750,195	620,009	5,823,926	3,201,932

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R2005-1 USPS_version - FY 2006AR After Workyear Mix
 Cost Segments and Components (\$ in '000s)
 CS1 Postmasters

Line No.	Class, Subclass, or Special Service	Class	Postmasters EAS 23 & Below (1.1)	Postmasters EAS 24 & Above (1.2)	CS 1 Postmasters (1)
	Column Number Component		0001	0002	0251
1	First-Class Mail				
2	Single Piece Letters	101	117,521	0	117,521
3	Presort Letters	102	89,348	0	89,348
4	Total Letters	103	206,869	0	206,869
5	Single Piece Cards	104	3,609	0	3,609
6	Presort Cards	105	3,382	0	3,382
7	Total Cards	108	6,990	0	6,990
8	Total First-Class	109	213,859	0	213,859
9	Priority Mail	110	25,409	0	25,409
10	Express Mail	111	4,846	0	4,846
11	Mailgrams	112	0	0	0
12	Periodicals				
13	Within County	113	436	0	436
14	Outside County	117	12,696	0	12,696
15	Total Periodicals	123	13,131	0	13,131
16	Standard Mail				
17	Enhanced Carr Rite	126	34,963	0	34,963
18	Regular	127	84,946	0	84,946
19	Total Standard Mail	135	119,909	0	119,909
20	Package Services				
21	Parcel Post	136	6,791	0	6,791
22	Bound Printed Matter	137	3,897	0	3,897
23	Media Mail	139	2,379	0	2,379
24	Total Package Services	141	13,066	0	13,066
25	U.S. Postal Service				
26	Free Mail	142	0	0	0
27	International Mail	161	8,730	0	8,730
28	Total All Mail	162	398,951	0	398,951
29	Special Services				
30	Registry	163	257	0	257
31	Certified	164	3,914	0	3,914
32	Insurance	165	514	0	514
33	Cod	166	61	0	61
34	Money Orders	168	1,387	0	1,387
35	Stamped Cards	159	11	0	11
36	Stamped Envelopes	169	122	0	122
37	Special Handling	170	40	0	40
38	Post Office Box	171	4,837	0	4,837
39	Other	172	3,673	0	3,673
40	Total Special Services	173	14,816	0	14,816
41	Total Volume Variable	198	413,767	0	413,767
42	Other Costs	199	1,841,582	55,049	1,896,631
43	Total Costs	200	2,255,349	55,049	2,310,398

R2005-1 USPS_version - FY 2006AR After Workyear Mix
Cost Segments and Components (\$ in '000s)
CS2 Supervisors & Technicians

Line No.	Class, Subclass, or Special Service	Column Number	Component
1	First-Class Mail	101	259,562
2	Single Piece Letters	102	90,211
3	Presort Letters	103	349,773
4	Total Letters	104	10,754
5	Single Piece Cards	105	3,234
6	Presort Cards	106	13,888
7	Total First-Class	108	363,761
8	Priority Mail	110	48,210
9	Express Mail	111	9,932
10	Mailables	112	1
11	Periodicals	113	910
12	Within County	117	54,218
13	Outside County	123	55,128
14	Total Periodicals	126	21,131
15	Enhanced Car Rate	127	209,113
16	Regular	135	230,244
17	Standard Mail	136	14,199
18	Parcel Post	137	9,308
19	Bound Printed Matter	139	7,660
20	Media Mail	141	31,167
21	Total Package Services	142	14,879
22	U.S. Postal Service	147	1,065
23	Free Mail	161	18,992
24	International Mail	162	773,378
25	Total All Mail	163	1,978
26	Special Services	164	2,433
27	Certified	165	32
28	Insurance	166	43
29	Code	168	0
30	Money Orders	159	0
31	Stamped Cards	159	0
32	Stamped Envelopes	169	0
33	Special Handling	170	76
34	Post Office Box	171	331
35	Other	172	3,314
36	Total Special Services	173	8,207
37	Total Volume Variable	198	781,585
38	Other Costs	199	167,557
39	Total Costs	200	949,142
40	Supv - Mail	(2 1)	0677
41	Supv - Central	(2 1)	0677
42	Subtotal	(2 1)	0820
43	Supv - Window	(2 2)	0007
44	Admin Support	(2 3)	0009
45	City Delivery	(2 4)	0020
46	Supv - Rural	(2 4)	0674
47	Supv - Vehicle	(2 4)	0675

Line No.	Class, Subclass, or Special Service	Column Number	Component
1	First-Class Mail	101	177,305
2	Single Piece Letters	102	96,408
3	Postnet Letters	103	273,713
4	Total Letters	104	11,525
5	Single Piece Cards	105	4,708
6	Postnet Cards	106	16,232
7	Total Cards	108	209,945
8	Total First-Class	109	38,653
9	Priority Mail	110	16,424
10	Express Mail	111	2,897
11	Mailgrams	112	13
12	Periodicals	113	1,740
13	Within County	117	33,551
14	Outside County	118	35,291
15	Total Periodicals	123	73,793
16	Standard Mail	126	22,402
17	Enhanced Car Rate	127	6,056
18	Regular	128	28,457
19	Total Standard Mail	135	34,449
20	Package Services	136	10,382
21	Parcel Post	137	8,896
22	Bound Printed Matter	139	3,765
23	Media Mail	141	23,042
24	Total Package Services	142	3,185
25	U.S. Postal Service	147	428
26	Free Mail	148	3,449
27	International Mail	161	82,683
28	Total All Mail	162	1,257,019
29	Special Services	163	451
30	Registry	164	10,462
31	Certified	165	1,120
32	Insurance	166	137
33	Cod	168	14
34	Money Orders	169	306
35	Stamped Cards	159	16
36	Stamped Envelopes	160	0
37	Special Handling	170	0
38	Post Office Box	171	0
39	Other	172	1
40	Total Special Services	173	3
41	Total Volume Variable	198	2,717
42	Other Costs	199	85,400
43	Total Costs	200	223,137
44	Product	201	308,537
45	Specific and Tech Activities	202	82,683
46	Joint Supv	203	1,398
47	Control/Rev	204	89
48	Carriers	205	1,154
49	Other Supv & Tech Activities	206	3,176
50	Supv - Training	207	681
51	General Supv	208	1,045
52	Processing of Mail	209	1,450
53	Delivery of Collection & Daily	210	1,398
54	Supv - Quality Control/Rev	211	82,683
55	Product	212	2,717
56	Specific and Tech Activities	213	85,400
57	Joint Supv	214	223,137
58	Control/Rev	215	308,537
59	Carriers	216	82,683
60	Other Supv & Tech Activities	217	1,398
61	Supv - Training	218	681
62	General Supv	219	1,045
63	Processing of Mail	220	1,450
64	Delivery of Collection & Daily	221	1,398
65	Supv - Quality Control/Rev	222	82,683
66	Product	223	2,717
67	Specific and Tech Activities	224	85,400
68	Joint Supv	225	223,137
69	Control/Rev	226	308,537
70	Carriers	227	82,683
71	Other Supv & Tech Activities	228	1,398
72	Supv - Training	229	681
73	General Supv	230	1,045
74	Processing of Mail	231	1,450
75	Delivery of Collection & Daily	232	1,398
76	Supv - Quality Control/Rev	233	82,683
77	Product	234	2,717
78	Specific and Tech Activities	235	85,400
79	Joint Supv	236	223,137
80	Control/Rev	237	308,537
81	Carriers	238	82,683
82	Other Supv & Tech Activities	239	1,398
83	Supv - Training	240	681
84	General Supv	241	1,045
85	Processing of Mail	242	1,450
86	Delivery of Collection & Daily	243	1,398
87	Supv - Quality Control/Rev	244	82,683
88	Product	245	2,717
89	Specific and Tech Activities	246	85,400
90	Joint Supv	247	223,137
91	Control/Rev	248	308,537
92	Carriers	249	82,683
93	Other Supv & Tech Activities	250	1,398
94	Supv - Training	251	681
95	General Supv	252	1,045
96	Processing of Mail	253	1,450
97	Delivery of Collection & Daily	254	1,398
98	Supv - Quality Control/Rev	255	82,683
99	Product	256	2,717
100	Specific and Tech Activities	257	85,400
101	Joint Supv	258	223,137
102	Control/Rev	259	308,537
103	Carriers	260	82,6

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Cost Segments and Components (\$ in '000s)
CS2 Supervisors & Technicians

Line No.	Class, Subclass, or Special Service	Class	Subtotal 2.5	Total CS 2
	Component		(2.5)	(2)
	Column Number		0822	0284
1	First-Class Mail			
2	Single Piece Letters	101	119,761	629,266
3	Presort Letters	102	47,165	256,905
4	Total Letters	103	166,926	886,171
5	Single Piece Cards	104	6,084	32,534
6	Presort Cards	105	1,996	11,236
7	Total Cards	108	8,080	43,871
8	Total First-Class	109	175,007	930,041
9	Priority Mail	110	17,316	90,258
10	Express Mail	111	3,819	20,044
11	Mailgrams	112	3	17
12	Periodicals			
13	Within County	113	626	3,463
14	Outside County	117	22,490	119,171
15	Total Periodicals	123	23,116	122,634
16	Standard Mail			
17	Enhanced Car Rie	126	21,999	121,413
18	Regular	127	99,110	509,862
19	Total Standard Mail	135	121,108	631,274
20	Package Services			
21	Parcel Post	136	5,678	32,426
22	Bound Printed Matter	137	4,242	23,840
23	Media Mail	139	2,974	15,611
24	Total Package Services	141	12,893	71,877
25	U.S. Postal Service	142	5,535	30,722
26	Free Mail	147	388	2,008
27	International Mail	161	6,345	32,211
28	Total All Mail	162	365,531	1,931,086
29	Special Services			
30	Registry	163	701	3,599
31	Certified	164	4,089	23,646
32	Insurance	165	486	3,021
33	Cod	166	46	266
34	Money Orders	168	1,345	8,727
35	Stamped Cards	169	0	0
36	Stamped Envelopes	169	68	444
37	Special Handling	170	29	149
38	Post Office Box	171	1,496	9,823
39	Other	172	2,593	15,896
40	Total Special Services	173	10,853	65,570
41	Total Volume Variable	198	376,384	1,996,656
42	Other Costs	199	1,316,113	2,273,057
43	Total Costs	200	1,692,496	4,269,713

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R2005-1 USPS_version - FY 2006AR After Workyear Mix
Cost Segments and Components (\$ in '000s)
CS3 Clerks and Mailhandlers

Line No.	Class, Subclass, or Special Service	Class	Mail Processing	Window Service	Admin Clerks	Product Specific Admin	Time & Attend and Admin Support	Subtotal	Total CS 3
	Column Number		(3.1)	(3.2)	(3.3)	(3.3)	(3.3)	(3.3)	(3)
	Component		0035	0040	0476	0227	0228	0824	0478
1	First-Class Mail								
2	Single Piece Letters	101	3,947,279	441,960	210,569	0	17,447	228,016	4,617,254
3	Presort Letters	102	1,377,425	22,214	91,863	0	7,369	99,231	1,498,870
4	Total Letters	103	5,324,703	464,174	302,432	0	24,815	327,247	6,116,124
5	Single Piece Cards	104	166,838	32,065	10,311	0	895	11,206	210,109
6	Presort Cards	105	49,523	2,015	4,293	0	318	4,611	56,150
7	Total Cards	108	216,362	34,080	14,603	0	1,214	15,817	266,259
8	Total First-Class	109	5,541,065	498,254	317,035	0	26,029	343,064	6,382,383
9	Priority Mail	110	730,262	66,590	27,219	0	2,614	29,833	826,685
10	Express Mail	111	152,232	33,986	5,976	0	559	6,535	192,752
11	Mailgrams	112	17	0	4	0	0	5	22
12	Periodicals								
13	Within County	113	14,289	158	1,444	0	114	1,559	16,006
14	Outside County	117	667,147	1,427	36,749	0	3,049	39,798	708,371
15	Total Periodicals	123	681,436	1,585	38,193	0	3,163	41,356	724,377
16	Standard Mail								
17	Enhanced Carr Rte	126	321,351	5,102	46,813	0	4,156	50,968	377,422
18	Regular	127	3,156,345	54,149	175,447	0	15,061	190,508	3,401,002
19	Total Standard Mail	135	3,477,696	59,251	222,259	0	19,217	241,476	3,778,423
20	Package Services								
21	Parcel Post	136	216,988	14,518	9,505	0	998	10,503	242,010
22	Bound Printed Matter	137	143,129	2,927	6,860	0	717	7,577	153,633
23	Media Mail	139	118,296	8,695	4,748	0	470	5,218	132,209
24	Total Package Services	141	478,414	26,140	21,113	0	2,185	23,298	527,852
25	U.S. Postal Service	142	226,563	43,191	12,457	0	776	13,233	282,986
26	Free Mail	147	16,373	214	602	0	60	662	17,249
27	International Mail	161	292,473	28,150	10,475	0	927	11,402	332,025
28	Total All Mail	162	11,596,531	757,359	655,334	0	55,530	710,864	13,064,754
29	Special Services								
30	Registry	163	31,145	4,537	1,425	0	107	1,532	37,215
31	Certified	164	38,151	72,928	6,271	0	767	7,038	118,117
32	Insurance	165	502	21,472	879	0	94	973	22,947
33	Cod	166	670	852	80	0	10	89	1,611
34	Money Orders	168	0	87,776	1,938	0	211	2,149	89,925
35	Stamped Cards	159	0	0	0	0	0	0	0
36	Stamped Envelopes	169	0	4,481	98	0	11	109	4,590
37	Special Handling	170	1,195	497	42	0	4	46	1,738
38	Post Office Box	171	5,192	90,770	2,127	0	535	2,663	98,625
39	Other	172	52,135	51,747	4,879	0	436	5,315	109,197
40	Total Special Services	173	128,990	335,061	17,738	0	2,175	19,914	483,965
41	Total Volume Variable	198	11,725,521	1,092,420	673,072	0	57,705	730,777	13,548,718
42	Other Costs	199	2,543,141	1,539,178	545,135	10,258	42,773	598,166	4,680,485
43	Total Costs	200	14,268,662	2,631,598	1,218,207	10,258	100,478	1,328,943	18,229,203

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 Cost Segments and Components (\$ in '000s)
 CS4 Clerks, Cag K Post Offices

Line No.	Class, Subclass, or Special Service	Class	Total CS 4
	Column Number		(4.1)
	Component		0254
1	First-Class Mail		
2	Single Piece Letters	101	1,747
3	Presort Letters	102	604
4	Total Letters	103	2,352
5	Single Piece Cards	104	72
6	Presort Cards	105	21
7	Total Cards	108	93
8	Total First-Class	109	2,445
9	Priority Mail	110	231
10	Express Mail	111	0
11	Mailgrams	112	0
12	Periodicals		
13	Within County	113	6
14	Outside County	117	473
15	Total Periodicals	123	480
16	Standard Mail		
17	Enhanced Carr Rte	126	112
18	Regular	127	1,112
19	Total Standard Mail	135	1,223
20	Package Services		
21	Parcel Post	136	0
22	Bound Printed Matter	137	0
23	Media Mail	139	0
24	Total Package Services	141	0
25	U.S. Postal Service	142	193
26	Free Mail	147	0
27	International Mail	161	0
28	Total All Mail	162	4,572
29	Special Services		
30	Registry	163	41
31	Certified	164	52
32	Insurance	165	1
33	Cod	166	1
34	Money Orders	168	0
35	Stamped Cards	159	0
36	Stamped Envelopes	169	0
37	Special Handling	170	2
38	Post Office Box	171	7
39	Other	172	71
40	Total Special Services	173	174
41	Total Volume Variable	198	4,746
42	Other Costs	199	2,228
43	Total Costs	200	6,975

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R2005-1 USPS_version - FY 2006AR After Workyear Mix
 Cost Segments and Components (\$ in '000s)
 CS6 City Delivery Carriers, Office

Line No.	Class, Subclass, or Special Service	Class	In-Office Direct Labor	In-Office Support Overhead	In-Office Support Other (USPS Only)	Carriers CAG K Offices	Subtotal	Total CS 6
	Column Number		(6.1)	(6.2)	(6.2)	(6.2)	(6.2)	(6)
	Component		0043	0044	0604	0045	0837	0256
1	First-Class Mail							
2	Single Piece Letters	101	904,475	205,881	86,220	130	292,230	1,196,706
3	Presort Letters	102	444,368	101,346	45,955	64	147,365	591,733
4	Total Letters	103	1,348,843	307,227	132,175	194	439,596	1,788,439
5	Single Piece Cards	104	58,133	13,209	5,641	8	18,859	76,991
6	Presort Cards	105	19,292	4,400	2,253	3	6,656	25,948
7	Total Cards	108	77,425	17,609	7,894	11	25,515	102,940
8	Total First-Class	109	1,426,268	324,836	140,069	205	465,110	1,891,379
9	Priority Mail	110	35,749	8,096	5,284	6	13,387	49,136
10	Express Mail	111	4,945	1,120	1,183	1	2,303	7,248
11	Mailgrams	112	0	0	5	0	5	5
12	Periodicals							
13	Within County	113	6,919	1,566	731	1	2,298	9,217
14	Outside County	117	224,219	50,778	14,966	32	65,776	289,995
15	Total Periodicals	123	231,137	52,344	15,697	33	68,074	299,211
16	Standard Mail							
17	Enhanced Carr Rte	126	282,250	63,932	32,602	41	96,575	378,825
18	Regular	127	983,330	223,279	84,719	140	308,128	1,291,458
19	Total Standard Mail	135	1,265,580	287,210	117,311	181	404,703	1,670,283
20	Package Services							
21	Parcel Post	136	7,778	1,761	2,502	1	4,264	12,042
22	Bound Printed Matter	137	14,644	3,317	2,968	2	6,287	20,931
23	Media Mail	139	7,998	1,811	1,369	1	3,181	11,179
24	Total Package Services	141	30,421	6,888	6,839	4	13,732	44,152
25	U.S. Postal Service	142	26,156	5,984	1,436	4	7,424	33,580
26	Free Mail	147	1,040	236	176	0	412	1,452
27	International Mail	161	16,004	3,633	1,378	2	5,013	21,017
28	Total All Mail	162	3,037,300	690,347	289,379	437	980,162	4,017,463
29	Special Services							
30	Registry	163	757	171	201	0	372	1,129
31	Certified	164	32,292	7,310	4,713	5	12,028	44,320
32	Insurance	165	966	219	266	0	484	1,451
33	Cod	166	370	84	37	0	121	491
34	Money Orders	168	0	0	0	0	0	0
35	Stamped Cards	159	0	0	0	0	0	0
36	Stamped Envelopes	169	0	0	0	0	0	0
37	Special Handling	170	0	0	0	0	0	0
38	Post Office Box	171	955	216	44	0	260	1,216
39	Other	172	8,124	1,839	1,827	1	3,667	11,791
40	Total Special Services	173	43,464	9,839	7,088	6	16,933	60,397
41	Total Volume Variable	198	3,080,764	700,186	296,467	443	997,095	4,077,860
42	Other Costs	199	464,872	105,880	281,310	92	387,282	852,154
43	Total Costs	200	3,545,636	806,066	577,776	535	1,384,377	4,930,014

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 Cost Segments and Components (\$ In '000s)
 CS7 City Delivery Carriers, Street

Line No.	Class, Subclass, or Special Service	Class	Network Travel	Access (PRC Only)	Delivery Activities	Street Support	Total CS 7
	Column Number		(7.1)	(7.2)	(7.3)	(7.4)	(7)
	Component		0054	0048	0046	0280	0838
1	First-Class Mail						
2	Single Piece Letters	101	0	0	1,019,405	131,413	1,150,818
3	Presort Letters	102	0	0	579,960	70,636	650,596
4	Total Letters	103	0	0	1,599,365	202,049	1,801,414
5	Single Piece Cards	104	0	0	67,884	8,682	76,565
6	Presort Cards	105	0	0	31,142	3,799	34,942
7	Total Cards	108	0	0	99,026	12,481	111,507
8	Total First-Class	109	0	0	1,698,391	214,530	1,912,921
9	Priority Mail	110	0	0	89,627	17,481	107,108
10	Express Mail	111	0	0	24,057	5,159	29,217
11	Mailgrams	112	0	0	139	33	171
12	Periodicals						
13	Within County	113	0	0	9,490	1,212	10,702
14	Outside County	117	0	0	104,485	13,347	117,832
15	Total Periodicals	123	0	0	113,975	14,560	128,535
16	Standard Mail						
17	Enhanced Carr Rte	126	0	0	449,449	54,672	504,122
18	Regular	127	0	0	894,582	108,799	1,003,381
19	Total Standard Mail	135	0	0	1,344,032	163,472	1,507,503
20	Package Services						
21	Parcel Post	136	0	0	51,767	8,793	60,560
22	Bound Printed Matter	137	0	0	56,893	11,367	68,260
23	Media Mail	139	0	0	24,417	4,493	28,910
24	Total Package Services	141	0	0	133,077	24,652	157,730
25	U.S. Postal Service	142	0	0	4,754	670	5,424
26	Free Mail	147	0	0	2,954	368	3,322
27	International Mail	161	0	0	15,509	2,936	18,445
28	Total All Mail	162	0	0	3,426,514	443,862	3,870,377
29	Special Services						
30	Registry	163	0	0	3,882	528	4,409
31	Certified	164	0	0	74,120	8,938	83,059
32	Insurance	165	0	0	5,099	615	5,714
33	Cod	166	0	0	485	72	557
34	Money Orders	168	0	0	0	0	0
35	Stamped Cards	159	0	0	0	0	0
36	Stamped Envelopes	169	0	0	0	0	0
37	Special Handling	170	0	0	0	0	0
38	Post Office Box	171	0	0	0	0	0
39	Other	172	0	0	33,622	4,208	37,830
40	Total Special Services	173	0	0	117,208	14,360	131,569
41	Total Volume Variable	198	0	0	3,543,723	458,223	4,001,945
42	Other Costs	199	1,333,686	0	4,709,953	774,597	6,818,235
43	Total Costs	200	1,333,686	0	8,253,676	1,232,819	10,820,181

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R2005-1 USPS_version - FY 2006AR After Workyear Mix
 Cost Segments and Components (\$ in '000s)
 CS8 Vehicle Service Drivers

Line No.	Class, Subclass, or Special Service	Class	Total CS 8
	Column Number		(8)
	Component		0258
1	First-Class Mail		
2	Single Piece Letters	101	23,153
3	Presort Letters	102	24,874
4	Total Letters	103	48,027
5	Single Piece Cards	104	217
6	Presort Cards	105	416
7	Total Cards	108	633
8	Total First-Class	109	48,659
9	Priority Mail	110	67,359
10	Express Mail	111	1,516
11	Mailgrams	112	0
12	Periodicals		
13	Within County	113	1,980
14	Outside County	117	30,639
15	Total Periodicals	123	32,619
16	Standard Mail		
17	Enhanced Carr Rte	126	45,818
18	Regular	127	55,417
19	Total Standard Mail	135	101,234
20	Package Services		
21	Parcel Post	136	69,984
22	Bound Printed Matter	137	30,670
23	Media Mail	139	10,289
24	Total Package Services	141	110,943
25	U.S. Postal Service	142	4,122
26	Free Mail	147	675
27	International Mail	161	7,487
28	Total All Mail	162	374,614
29	Special Services		
30	Registry	163	0
31	Certified	164	0
32	Insurance	165	0
33	Cod	166	0
34	Money Orders	168	0
35	Stamped Cards	159	0
36	Stamped Envelopes	169	0
37	Special Handling	170	0
38	Post Office Box	171	0
39	Other	172	0
40	Total Special Services	173	0
41	Total Volume Variable	198	374,614
42	Other Costs	199	245,395
43	Total Costs	200	620,009

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 Cost Segments and Components (\$ in '000s)
 CS10 Rural Carriers

Line No.	Class, Subclass, or Special Service	Class	Evaluated Routes	Other Routes	Equipment Maintenance Allowance	Total CS 10
	Column Number		(10.1)	(10.2)	(10.3)	(10)
	Component		0069	0070	0073	0260
1	First-Class Mail					
2	Single Piece Letters	101	286,492	23,655	0	310,148
3	Presort Letters	102	286,795	23,661	0	310,455
4	Total Letters	103	573,287	47,316	0	620,603
5	Single Piece Cards	104	20,312	1,796	0	22,107
6	Presort Cards	105	17,067	1,445	0	18,512
7	Total Cards	108	37,379	3,241	0	40,620
8	Total First-Class	109	610,666	50,557	0	661,223
9	Priority Mail	110	37,866	3,168	0	41,034
10	Express Mail	111	10,110	903	0	11,013
11	Mallgrams	112	4	0	0	4
12	Periodicals					
13	Within County	113	12,097	923	0	13,021
14	Outside County	117	133,179	10,169	0	143,348
15	Total Periodicals	123	145,276	11,092	0	156,368
16	Standard Mail					
17	Enhanced Carr Rte	126	492,167	38,942	0	531,109
18	Regular	127	590,796	47,467	0	638,263
19	Total Standard Mail	135	1,082,963	86,409	0	1,169,372
20	Package Services					
21	Parcel Post	136	30,281	2,537	0	32,818
22	Bound Printed Matter	137	25,085	2,047	0	27,132
23	Media Mail	139	11,332	944	0	12,276
24	Total Package Services	141	66,698	5,528	0	72,226
25	U.S. Postal Service	142	2,448	206	0	2,653
26	Free Mail	147	2,669	233	0	2,902
27	International Mail	161	4,506	376	0	4,882
28	Total All Mail	162	1,963,204	158,473	0	2,121,677
29	Special Services					
30	Registry	163	3,631	325	0	3,956
31	Certified	164	91,230	8,149	0	99,380
32	Insurance	165	11,044	989	0	12,033
33	Cod	166	1,628	143	0	1,771
34	Money Orders	168	1,298	144	0	1,442
35	Stamped Cards	159	0	0	0	0
36	Stamped Envelopes	169	0	0	0	0
37	Special Handling	170	0	0	0	0
38	Post Office Box	171	0	0	0	0
39	Other	172	26,227	4,063	0	30,289
40	Total Special Services	173	135,059	13,813	0	148,872
41	Total Volume Variable	198	2,098,263	172,286	0	2,270,549
42	Other Costs	199	2,844,972	250,656	457,752	3,553,381
43	Total Costs	200	4,943,235	422,943	457,752	5,823,930

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 Cost Segments and Components (\$ in '000s)
 CS11 Custodial and Maint Svcs

Line No.	Class, Subclass, or Special Service	Class	Custodial Personnel	Contract Cleaners	Operating Equipment Maintenance	Plant & Building Equipment Maintenance	Total CS 11
	Column Number		(11.1.1)	(11.1.2)	(11.2)	(11.3)	(11)
	Component		0074	0081	0075	0079	0482
1	First-Class Mail						
2	Single Piece Letters	101	168,980	13,972	380,824	82,104	645,880
3	Presort Letters	102	63,793	5,275	143,458	30,996	243,523
4	Total Letters	103	232,773	19,247	524,283	113,100	889,403
5	Single Piece Cards	104	6,922	572	12,570	3,363	23,428
6	Presort Cards	105	2,342	194	4,083	1,138	7,757
7	Total Cards	108	9,265	766	16,653	4,502	31,185
8	Total First-Class	109	242,038	20,013	540,936	117,601	920,588
9	Priority Mail	110	40,123	3,318	26,868	19,495	89,805
10	Express Mail	111	6,721	556	887	3,266	11,429
11	Mallgrams	112	2	0	0	1	4
12	Periodicals						
13	Within County	113	921	76	401	447	1,846
14	Outside County	117	33,067	2,734	43,103	16,067	94,970
15	Total Periodicals	123	33,987	2,810	43,504	16,514	96,816
16	Standard Mail						
17	Enhanced Carr Rte	126	29,101	2,406	21,151	14,139	66,797
18	Regular	127	147,429	12,190	282,817	71,633	514,069
19	Total Standard Mail	135	176,530	14,596	303,968	85,772	580,867
20	Package Services						
21	Parcel Post	136	13,211	1,092	14,005	6,419	34,728
22	Bound Printed Matter	137	8,537	706	11,878	4,148	25,269
23	Media Mail	139	7,122	589	9,117	3,461	20,289
24	Total Package Services	141	28,870	2,387	35,000	14,028	80,285
25	U.S. Postal Service	142	10,612	877	10,772	5,156	27,417
26	Free Mail	147	794	66	1,091	386	2,337
27	International Mail	161	12,948	1,071	16,795	6,291	37,104
28	Total All Mail	162	552,626	45,694	979,823	268,510	1,846,653
29	Special Services						
30	Registry	163	1,481	122	543	720	2,867
31	Certified	164	5,258	435	386	2,555	8,634
32	Insurance	165	778	64	6	378	1,226
33	Cod	166	71	6	8	35	120
34	Money Orders	168	2,428	201	0	1,180	3,808
35	Stamped Cards	159	0	0	0	0	0
36	Stamped Envelopes	169	125	10	0	61	196
37	Special Handling	170	70	6	28	34	139
38	Post Office Box	171	97,974	8,101	3	47,604	153,681
39	Other	172	3,242	268	3,279	1,575	8,363
40	Total Special Services	173	111,427	9,213	4,253	54,140	179,034
41	Total Volume Variable	198	664,053	54,907	984,076	322,651	2,025,687
42	Other Costs	199	432,312	35,746	498,135	210,052	1,176,245
43	Total Costs	200	1,096,365	90,653	1,482,211	532,703	3,201,932

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 Cost Segments and Components (\$ in '000s)
 CS12 Motor Vehicle Service

Line No.	Class, Subclass, or Special Service	Class	Personnel	Supplies & Materials	Vehicle Hire	Total CS 12
	Column Number		(12.1)	(12.2)	(12.3)	(12)
	Component		0090	0099	0108	0262
1	First-Class Mail					
2	Single Piece Letters	101	22,224	27,320	2,513	52,057
3	Presort Letters	102	13,668	17,346	1,393	32,407
4	Total Letters	103	35,892	44,666	3,906	84,464
5	Single Piece Cards	104	1,372	1,638	160	3,170
6	Presort Cards	105	681	828	65	1,574
7	Total Cards	108	2,053	2,466	224	4,743
8	Total First-Class	109	37,945	47,132	4,131	89,207
9	Priority Mail	110	8,580	12,916	428	21,924
10	Express Mail	111	1,135	1,386	43	2,564
11	Mailgrams	112	5	7	0	12
12	Periodicals					
13	Within County	113	426	590	30	1,046
14	Outside County	117	5,374	7,694	526	13,595
15	Total Periodicals	123	5,800	8,284	556	14,641
16	Standard Mail					
17	Enhanced Carr Rte	126	15,066	19,966	1,109	36,142
18	Regular	127	23,693	30,628	2,570	56,891
19	Total Standard Mail	135	38,760	50,594	3,679	93,032
20	Package Services					
21	Parcel Post	136	7,119	11,341	355	18,815
22	Bound Printed Matter	137	4,584	6,672	214	11,469
23	Media Mail	139	1,656	2,378	82	4,116
24	Total Package Services	141	13,359	20,391	650	34,401
25	U.S. Postal Service	142	440	693	55	1,187
26	Free Mail	147	125	178	7	310
27	International Mail	161	1,121	1,630	69	2,821
28	Total All Mail	162	107,270	143,211	9,618	260,099
29	Special Services					
30	Registry	163	108	128	5	241
31	Certified	164	1,980	2,384	136	4,500
32	Insurance	165	180	218	8	406
33	Cod	166	25	31	2	59
34	Money Orders	168	12	15	0	28
35	Stamped Cards	159	0	0	0	0
36	Stamped Envelopes	169	0	0	0	0
37	Special Handling	170	0	0	0	0
38	Post Office Box	171	0	0	1	1
39	Other	172	811	971	54	1,837
40	Total Special Services	173	3,116	3,748	206	7,071
41	Total Volume Variable	198	110,386	146,959	9,824	267,169
42	Other Costs	199	325,362	397,667	10,384	733,414
43	Total Costs	200	435,749	544,627	20,208	1,000,584

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 CS13 Misc Local Operations

Line No.	Class, Subclass, or Special Service	Class	Contract Stations	Carfare	Driveout	Tolls and Farrage	Subtotal	Fed Reserve and Commercial Banks	Employee Awards	Mail Equipment Shops Personnel	CAG L Rental Allowance
	Column Number Component		(13.1) 0111	(13.2) 0135	(13.2) 0141	(13.2) 0113	(13.2) 0825	(13.3) 0125	(13.4) 0115	(13.5) 0826	(13.6) 0112
1	First-Class Mail										
2	Single Piece Letters	101	0	628	734	0	1,362	0	0	0	0
3	Presort Letters	102	0	324	378	0	702	0	0	0	0
4	Total Letters	103	0	952	1,113	0	2,065	0	0	0	0
5	Single Piece Cards	104	0	41	47	0	88	0	0	0	0
6	Presort Cards	105	0	16	17	0	33	0	0	0	0
7	Total Cards	108	0	57	65	0	121	0	0	0	0
8	Total First-Class	109	0	1,009	1,177	0	2,186	0	0	0	0
9	Priority Mail	110	0	34	40	0	74	0	0	0	0
10	Express Mail	111	0	7	7	0	15	0	0	0	0
11	Mailgrams	112	0	0	0	0	0	0	0	0	0
12	Periodicals										
13	Within County	113	0	4	6	0	10	0	0	0	0
14	Outside County	117	0	127	149	0	276	0	0	0	0
15	Total Periodicals	123	0	131	155	0	286	0	0	0	0
16	Standard Mail										
17	Enhanced Carr Rte	126	0	220	257	0	476	0	0	0	0
18	Regular	127	0	641	750	0	1,391	0	0	0	0
19	Total Standard Mail	135	0	861	1,006	0	1,867	0	0	0	0
20	Package Services										
21	Parcel Post	136	0	14	16	0	30	0	0	0	0
22	Bound Printed Matter	137	0	18	21	0	39	0	0	0	0
23	Media Mail	139	0	9	10	0	19	0	0	0	0
24	Total Package Services	141	0	41	47	0	88	0	0	0	0
25	U.S. Postal Service	142	0	14	16	0	30	0	0	0	0
26	Free Mail	147	0	0	2	0	2	0	0	0	0
27	International Mail	161	0	10	12	0	22	0	0	0	0
28	Total All Mail	162	0	2,107	2,463	0	4,570	0	0	0	0
29	Special Services										
30	Registry	163	0	1	1	0	2	0	0	0	0
31	Certified	164	0	30	35	0	65	0	0	0	0
32	Insurance	165	0	2	2	0	4	0	0	0	0
33	Cod	166	0	0	0	0	0	0	0	0	0
34	Money Orders	168	0	0	0	0	0	0	0	0	0
35	Stamped Cards	159	0	0	0	0	0	0	0	0	0
36	Stamped Envelopes	169	0	0	0	0	0	0	0	0	0
37	Special Handling	170	0	0	0	0	0	0	0	0	0
38	Post Office Box	171	0	0	1	0	1	0	0	0	0
39	Other	172	0	11	12	0	23	0	0	0	0
40	Total Special Services	173	0	44	52	0	95	0	0	0	0
41	Total Volume Variable	198	0	2,150	2,515	0	4,665	0	0	0	0
42	Other Costs	199	79,787	27,263	2,012	340	29,616	32,647	90,185	25,356	28
43	Total Costs	200	79,787	29,413	4,527	340	34,281	32,647	90,185	25,356	28

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 CS13 Misc Local Operations

Line No.	Class, Subclass, or Special Service	Class	Other Local Operations	Total CS 13
	Column Number		(13.7)	(13)
	Component		0117	0263
1	First-Class Mail			
2	Single Piece Letters	101	0	1,362
3	Presort Letters	102	0	702
4	Total Letters	103	0	2,065
5	Single Piece Cards	104	0	88
6	Presort Cards	105	0	33
7	Total Cards	108	0	121
8	Total First-Class	109	0	2,186
9	Priority Mail	110	0	74
10	Express Mail	111	0	15
11	Mailgrams	112	0	0
12	Periodicals			
13	Within County	113	0	10
14	Outside County	117	0	276
15	Total Periodicals	123	0	286
16	Standard Mail			
17	Enhanced Carr Rte	126	0	476
18	Regular	127	0	1,391
19	Total Standard Mail	135	0	1,867
20	Package Services			
21	Parcel Post	136	0	30
22	Bound Printed Matter	137	0	39
23	Media Mail	139	0	19
24	Total Package Services	141	0	88
25	U.S. Postal Service	142	0	30
26	Free Mail	147	0	2
27	International Mail	161	0	22
28	Total All Mail	162	0	4,570
29	Special Services			
30	Registry	163	0	2
31	Certified	164	0	65
32	Insurance	165	0	4
33	Cod	166	0	0
34	Money Orders	168	0	0
35	Stamped Cards	159	0	0
36	Stamped Envelopes	169	0	0
37	Special Handling	170	0	0
38	Post Office Box	171	0	1
39	Other	172	0	23
40	Total Special Services	173	0	95
41	Total Volume Variable	198	0	4,665
42	Other Costs	199	50,504	308,124
43	Total Costs	200	50,504	312,788

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 Cost Segments and Components (\$ in '000s)
 CS14 Transportation

Line No.	Class, Subclass, or Special Service	Class	Domestic Air	Domestic Alaska Air	Highway	Railroad	Domestic Water	Subtotal	International Transportation	Total CS 14
	Column Number		(14.1)	(14.1)	(14.1)	(14.1)	(14.1)	(14.1)	(14.2)	(14)
	Component		0142	0681	0143	0144	0145	0542	0828	0264
1	First-Class Mail									
2	Single Piece Letters	101	248,976	16	310,094	3,992	2,091	565,169	0	565,169
3	Presort Letters	102	235,112	0	175,738	2,680	882	414,413	0	414,413
4	Total Letters	103	484,088	16	485,832	6,672	2,973	979,581	0	979,581
5	Single Piece Cards	104	1,268	0	3,870	34	38	5,210	0	5,210
6	Presort Cards	105	4,063	0	4,669	72	25	8,828	0	8,828
7	Total Cards	108	5,331	0	8,538	106	63	14,038	0	14,038
8	Total First-Class	109	489,419	16	494,371	6,777	3,036	993,619	0	993,619
9	Priority Mail	110	739,041	64	370,660	7,894	2,710	1,120,369	0	1,120,369
10	Express Mail	111	81,285	0	19,077	666	161	101,188	0	101,188
11	Mailgrams	112	0	0	0	0	0	0	0	0
12	Periodicals									
13	Within County	113	0	0	85	1	1	87	0	87
14	Outside County	117	5,244	14	205,360	13,268	2,562	226,446	0	226,446
15	Total Periodicals	123	5,244	14	205,444	13,269	2,563	226,533	0	226,533
16	Standard Mail									
17	Enhanced Carrier Rate	126	3,315	47	81,483	5,543	1,259	91,646	0	91,646
18	Regular	127	24,544	44	362,617	40,941	6,035	434,181	0	434,181
19	Total Standard Mail	135	27,859	91	444,099	46,485	7,293	525,828	0	525,828
20	Package Services									
21	Parcel Post	136	7,842	6,587	284,863	24,118	4,793	328,203	0	328,203
22	Bound Printed Matter	137	3,422	10	67,953	4,643	1,014	77,042	0	77,042
23	Media Mail	139	2,629	10	97,052	15,756	2,129	117,576	0	117,576
24	Total Package Services	141	13,893	6,608	449,867	44,516	7,936	522,821	0	522,821
25	U.S. Postal Service	142	8,733	20	12,650	309	169	21,881	0	21,881
26	Free Mail	147	1,532	0	5,343	367	81	7,324	0	7,324
27	International Mail	161	80,066	4	55,415	8,153	513	144,150	702,259	846,410
28	Total All Mail	162	1,447,071	6,817	2,056,926	128,436	24,463	3,663,712	702,259	4,365,972
29	Special Services									
30	Registry	163	0	0	0	0	0	0	0	0
31	Certified	164	0	0	0	0	0	0	0	0
32	Insurance	165	0	0	0	0	0	0	0	0
33	Cod	166	0	0	0	0	0	0	0	0
34	Money Orders	168	0	0	0	0	0	0	0	0
35	Stamped Cards	159	0	0	0	0	0	0	0	0
36	Stamped Envelopes	169	0	0	0	0	0	0	0	0
37	Special Handling	170	0	0	0	0	0	0	0	0
38	Post Office Box	171	0	0	0	0	0	0	0	0
39	Other	172	0	0	0	0	0	0	0	0
40	Total Special Services	173	0	0	0	0	0	0	0	0
41	Total Volume Variable	198	1,447,071	6,817	2,056,926	128,436	24,463	3,663,712	702,259	4,365,972
42	Other Costs	199	208,128	89,328	537,559	1,918	3,554	840,487	(179)	840,308
43	Total Costs	200	1,655,199	96,144	2,594,486	130,354	28,017	4,504,200	702,080	5,206,280

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 CS15 Building Occupancy

Line No.	Class, Subclass, or Special Service	Class	Rents	Fuel & Utilities	Communications & Other	Total CS 15
	Column Number		(15.1)	(15.2)	(15.3)	(15)
	Component		0329	0314	0393	0289
1	First-Class Mail					
2	Single Piece Letters	101	238,635	97,734	0	336,369
3	Presort Letters	102	90,624	36,896	0	127,520
4	Total Letters	103	329,259	134,630	0	463,889
5	Single Piece Cards	104	10,048	4,004	0	14,052
6	Presort Cards	105	3,390	1,355	0	4,744
7	Total Cards	108	13,438	5,358	0	18,796
8	Total First-Class	109	342,697	139,988	0	482,685
9	Priority Mail	110	56,100	23,206	0	79,306
10	Express Mail	111	9,672	3,887	0	13,559
11	Mailgrams	112	4	1	0	5
12	Periodicals					
13	Within County	113	1,312	532	0	1,844
14	Outside County	117	45,655	19,125	0	64,780
15	Total Periodicals	123	46,967	19,657	0	66,625
16	Standard Mail					
17	Enhanced Carr Rte	126	42,252	16,831	0	59,083
18	Regular	127	206,644	85,269	0	291,914
19	Total Standard Mail	135	248,897	102,100	0	350,997
20	Package Services					
21	Parcel Post	136	18,551	7,641	0	26,193
22	Bound Printed Matter	137	12,045	4,937	0	16,982
23	Media Mail	139	9,970	4,119	0	14,089
24	Total Package Services	141	40,567	16,698	0	57,265
25	U.S. Postal Service	142	14,941	6,138	0	21,079
26	Free Mail	147	1,111	459	0	1,570
27	International Mail	161	18,227	7,489	0	25,716
28	Total All Mail	162	779,183	319,625	0	1,098,808
29	Special Services					
30	Registry	163	2,186	857	0	3,043
31	Certified	164	8,279	3,041	0	11,320
32	Insurance	165	1,215	450	0	1,666
33	Cod	166	112	41	0	153
34	Money Orders	168	3,793	1,404	0	5,197
35	Stamped Cards	159	0	0	0	1
36	Stamped Envelopes	169	195	72	0	267
37	Special Handling	170	98	41	0	138
38	Post Office Box	171	156,764	56,666	0	213,429
39	Other	172	4,985	1,875	0	6,860
40	Total Special Services	173	177,627	64,447	0	242,074
41	Total Volume Variable	198	956,810	384,072	0	1,340,882
42	Other Costs	199	0	250,038	377,835	627,873
43	Total Costs	200	956,810	634,110	377,835	1,968,755

Line No.	Class, Subclass, or Special Service	Column Number	Component
1	First-Class Mail	(16.1)	0181
2	Single Piece Letters	101	85.447
3	Presort Letters	102	2.932
4	Total Letters	103	88.379
5	Single Piece Cards	104	4.942
6	Presort Cards	105	262
7	Total Cards	106	5.204
8	Total First-Class	109	93.583
9	Priority Mail	110	192
10	Express Mail	111	12
11	Mailables	112	0
12	Periodicals	113	0
13	Within County	117	0
14	Outside County	123	0
15	Total Periodicals	123	0
16	Standard Mail	126	776
17	Enhanced Car Rate	127	9.930
18	Regular	135	10.706
20	Package Services	136	11
21	Parcel Post	137	4
22	Bound Printed Matter	139	39
23	Media Mail	141	53
24	Total Package Services	142	0
25	U.S. Postal Service	147	0
26	Free Mail	161	246
27	International Mail	162	104.792
28	Total All Mail	162	29
29	Special Services	163	0
30	Registry	164	0
31	Certified	165	0
32	Insurance	166	0
33	Cod	168	0
34	Money Orders	168	0
35	Stamped Cards	159	0
36	Stamped Envelopes	169	0
37	Special Handling	170	0
38	Post Office Box	171	0
39	Other	172	0
40	Total Special Services	173	7.023
41	Total Volume Variable	198	7.052
42	Other Costs	199	104.792
43	Total Costs	200	104.994
			7.052
			7.874
			0
			119.920
			17.616
			17.616
			0
			98.803
			64.323
			163.126
			398.542
			1.434.986
			2.238.708
			132.132
			0
			283.151
			803.723
			1.434.986
			2.238.708
			132.132
			0
			1.078
			5.393
			2.911
			51
			132
			0
			2.598
			120
			1.161
			9.481
			1.285
			430
			782
			220
			367
			281.195
			780.591
			11.429
			749
			3.911
			9.679
			26.940
			5.766
			8.859
			12.315
			3.701
			1.966
			1.270
			2.869
			8.859
			5.766
			26.940
			9.679
			3.911
			749
			11.429
			780.591
			281.195
			1.966
			1.270
			2.869
			8.859
			5.766
			26.940
			9.679
			3.911
			749
			11.429
			780.591
			281.195
			1.966
			1.270
			2.869
			8.859
			5.766
			26.940
			9.679
			3.911
			749
			11.429
			780.591
			281.195
			1.966
			1.270
			2.869
			8.859
			5.766
			26.940
			9.679

Line No.	Class, Subclass, or Special Service	Class	Column Number		Subtotal	Total CS 16
			Non-Mail	Related Products		
1	First-Class Mail			1426	0831	0490
2	Single Piece Letters	101	0	350,881		436,328
3	Presort Letters	102	0	143,147		146,079
4	Total Letters	103	0	494,028		582,407
5	Single Piece Cards	104	0	16,186		21,128
6	Presort Cards	105	0	5,662		5,926
7	Total Cards	106	0	21,849		27,053
8	Total First-Class	109	0	515,877		609,460
9	Priority Mail	110	0	118,517		118,708
10	Express Mail	111	0	19,162		19,174
11	Mailing Labels	112	0	6		6
12	Periodicals					
13	Within County	113	0	1,743		1,743
14	Outside County	117	0	61,938		61,938
15	Total Periodicals	123	0	63,680		63,680
16	Standard Mail					
17	Enhanced Car Rate	126	0	62,413		63,189
18	Regular	127	0	289,291		299,221
19	Total Standard Mail	135	0	351,704		362,410
20	Package Services					
21	Parcel Post	136	0	17,982		17,993
22	Bound Printed Matter	137	0	12,996		13,001
23	Media Mail	139	0	9,096		9,136
24	Total Package Services	141	0	40,076		40,129
25	U.S. Postal Service	142	0	15,168		15,168
26	Free Mail	147	0	1,195		1,195
27	International Mail	161	0	18,623		18,898
28	Total All Mail	162	0	1,144,009		1,248,830
29	Special Services					
30	Registry	163	0	1,872		1,872
31	Certified	164	0	10,694		10,694
32	Insurance	165	0	1,282		1,282
33	Cod	166	0	139		139
34	Money Orders	168	0	2,959		9,982
35	Stamped Cards	159	0	0		1,314
36	Stamped Envelopes	169	0	151		6,711
37	Special Handling	170	0	77		17,541
38	Post Office Box	171	0	17,541		17,541
39	Other	172	0	6,953		6,953
40	Total Special Services	173	0	41,667		56,564
41	Total Volume Variable	198	0	1,185,677		1,305,394
42	Other Costs	199	11,850	1,758,682		1,776,501
43	Total Costs	200	11,850	2,944,359		3,081,895

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 Cost Segments and Components (\$ in '000s)
 CS17 Research and Development

Line No.	Class, Subclass, or Special Service	Class	Total CS 17
	Column Number		(17)
	Component		0267
1	First-Class Mail		
2	Single Piece Letters	101	0
3	Presort Letters	102	0
4	Total Letters	103	0
5	Single Piece Cards	104	0
6	Presort Cards	105	0
7	Total Cards	108	0
8	Total First-Class	109	0
9	Priority Mail	110	0
10	Express Mail	111	0
11	Mailgrams	112	0
12	Periodicals		
13	Within County	113	0
14	Outside County	117	0
15	Total Periodicals	123	0
16	Standard Mail		
17	Enhanced Carr Rte	126	0
18	Regular	127	0
19	Total Standard Mail	135	0
20	Package Services		
21	Parcel Post	136	0
22	Bound Printed Matter	137	0
23	Media Mail	139	0
24	Total Package Services	141	0
25	U.S. Postal Service	142	0
26	Free Mail	147	0
27	International Mail	161	0
28	Total All Mail	162	0
29	Special Services		
30	Registry	163	0
31	Certified	164	0
32	Insurance	165	0
33	Cod	166	0
34	Money Orders	168	0
35	Stamped Cards	159	0
36	Stamped Envelopes	169	0
37	Special Handling	170	0
38	Post Office Box	171	0
39	Other	172	0
40	Total Special Services	173	0
41	Total Volume Variable	198	0
42	Other Costs	199	56.991
43	Total Costs	200	56.991

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 Cost Segments and Components (\$ in '000s)
 CS18 Admin and Area Operations

Line No.	Class, Subclass, or Special Service	Class	Headquarters	Money Order Division	Area Administration	Postal Inspection Service	Subtotal	HQ & Area Supplies & Services	HQ & Area Misc Support	Inspection Expenses & Employee Losses
	Column Number Component		(18.1.1) 0191	(18.1.2) 0192	(18.1.3) 0193	(18.1.4) 0832	(18.1) 0833	(18.2.1) 0210	(18.2.2) 0211	(18.2.3) 0212
1	First-Class Mail									
2	Single Piece Letters	101	0	0	0	12,385	12,385	0	0	0
3	Presort Letters	102	0	0	0	4,676	4,676	0	0	0
4	Total Letters	103	0	0	0	17,061	17,061	0	0	0
5	Single Piece Cards	104	0	0	0	507	507	0	0	0
6	Presort Cards	105	0	0	0	172	172	0	0	0
7	Total Cards	108	0	0	0	679	679	0	0	0
8	Total First-Class	109	0	0	0	17,740	17,740	0	0	0
9	Priority Mail	110	0	0	0	2,941	2,941	0	0	0
10	Express Mail	111	0	0	0	493	493	0	0	0
11	Mailgrams	112	0	0	0	0	0	0	0	0
12	Periodicals									
13	Within County	113	0	0	0	67	67	0	0	0
14	Outside County	117	0	0	0	2,424	2,424	0	0	0
15	Total Periodicals	123	0	0	0	2,491	2,491	0	0	0
16	Standard Mail									
17	Enhanced Carr Rte	126	0	0	0	2,133	2,133	0	0	0
18	Regular	127	0	0	0	10,806	10,806	0	0	0
19	Total Standard Mail	135	0	0	0	12,939	12,939	0	0	0
20	Package Services									
21	Parcel Post	136	0	0	0	968	968	0	0	0
22	Bound Printed Matter	137	0	0	0	626	626	0	0	0
23	Media Mail	139	0	0	0	522	522	0	0	0
24	Total Package Services	141	0	0	0	2,116	2,116	0	0	0
25	U.S. Postal Service	142	0	0	0	778	778	0	0	0
26	Free Mail	147	0	0	0	58	58	0	0	0
27	International Mail	161	0	0	0	949	949	0	0	0
28	Total All Mail	162	0	0	0	40,505	40,505	0	0	0
29	Special Services									
30	Registry	163	0	0	0	109	109	0	0	0
31	Certified	164	0	0	0	385	385	0	0	0
32	Insurance	165	0	0	0	57	57	0	0	0
33	Cod	166	0	0	0	5	5	0	0	0
34	Money Orders	168	0	0	0	178	178	0	0	0
35	Stamped Cards	159	0	0	0	0	0	0	0	0
36	Stamped Envelopes	169	0	0	0	9	9	0	0	0
37	Special Handling	170	0	0	0	5	5	0	0	0
38	Post Office Box	171	0	0	0	7,181	7,181	0	0	0
39	Other	172	0	0	0	238	238	0	0	0
40	Total Special Services	173	0	0	0	8,167	8,167	0	0	0
41	Total Volume Variable	198	0	0	0	48,672	48,672	0	0	0
42	Other Costs	199	664,211	5,480	255,069	514,219	1,438,980	210,965	224,000	1,208
43	Total Costs	200	664,211	5,480	255,069	562,891	1,487,652	210,965	224,000	1,208

Line No.	Class, Subclass, or Special Service	Column Number	Component
1	First-Class Mail	0213	
2	Single Piece Letters	101	0
3	Presort Letters	102	0
4	Total Letters	103	0
5	Single Piece Cards	104	0
6	Presort Cards	105	0
7	Total Cards	108	0
8	Total First-Class	109	0
9	Priority Mail	110	0
10	Express Mail	111	0
11	Mailgrams	112	0
12	Periodicals	113	0
13	Within County	117	0
14	Outside County	118	0
15	Total Periodicals	123	0
16	Standard Mail	126	0
17	Enhanced Car Rate	127	0
18	Regular	128	0
19	Total Standard Mail	135	0
20	Package Services	136	0
21	Parcel Post	137	0
22	Bound Printed Matter	138	0
23	Media Mail	139	0
24	Total Package Services	141	0
25	U.S. Postal Service	142	0
26	Free Mail	147	0
27	International Mail	161	0
28	Total All Mail	162	0
29	Special Services	163	0
30	Registry	164	0
31	Certified	165	0
32	Insurance	166	0
33	Cod	168	0
34	Money Orders	169	0
35	Stamped Cards	169	0
36	Stamped Envelopes	170	0
37	Special Handling	171	0
38	Post Office Box	172	0
39	Other	173	0
40	Total Special Services	198	0
41	Total Volume Variable	199	0
42	Other Costs	(3,114)	0
43	Total Costs	200	0
44	Commissions	0244	0
45	Commissions on Non-US Money Orders	(18,27)	0
46	Subtotal	(18,2)	0
47	Annual Leave	(18,3,1)	0
48	Vacation	(18,3,2)	0
49	Holiday Leave	0200	0
50	Retirement	(18,3,3)	0
51	Civil Service	0488	0

No.	Line	Class, Subclass, or Special Service	Column Number	(18.3.4)	(18.3.5)	(18.3.6)	(18.3.7)	(18.3.8)	(18.3.9)	(18.3.10)	(18.3)	Total CS 18
1		First-Class Mail	0486		0241	0208	0071	1435	0207	0019	0835	(18)
2	3	Single Piece Letters	101	168,460	12,849	292,838	1,838		0	0	493,481	505,867
3	3	Presort Letters	102	71,149	5,427	123,680	776		0	0	208,421	213,097
4	4	Total Letters	103	239,609	18,276	416,518	2,615		0	0	701,903	718,964
5	5	Single Piece Cards	104	8,643	659	15,024	94		0	0	25,319	25,826
6	5	Presort Cards	105	3,075	234	5,345	34		0	0	9,007	9,178
7	7	Total Cards	108	11,718	894	20,369	128		0	0	34,325	35,004
8	8	Total First-Class	109	251,326	19,169	436,887	2,743		0	0	736,228	753,968
9	9	Priority Mail	110	25,235	1,925	43,867	275		0	0	73,924	76,864
10	10	Express Mail	111	5,397	412	9,381	59		0	0	15,809	16,302
11	11	Mailgrams	112	4	0	8	0		0	0	13	13
12	12	Periodicals	113	1,104	84	1,919	12		0	0	3,234	3,301
13	13	Outside County	117	29,437	2,245	51,171	321		0	0	86,232	88,656
14	14	Total Periodicals	123	30,541	2,329	53,090	333		0	0	89,466	91,957
15	15	Standard Mail	126	40,125	3,060	69,751	438		0	0	117,542	119,675
16	16	Enhanced Carr Rate	127	145,427	11,092	252,799	1,587		0	0	426,010	436,816
17	17	Regular	135	185,552	14,152	322,550	2,025		0	0	543,552	558,490
20	20	Package Services	136	9,635	735	16,749	105		0	0	28,225	29,193
21	21	Parcel Post	137	6,924	528	12,036	76		0	0	20,283	20,909
22	22	Bound Printed Matter	139	4,538	346	7,889	50		0	0	13,294	13,816
23	23	Media Mail	141	21,098	1,609	36,675	230		0	0	61,803	63,919
24	24	Total Package Services	142	7,491	571	13,021	82		0	0	21,943	22,721
25	25	U.S. Postal Service	147	581	44	1,010	6		0	0	1,703	1,761
26	26	Free Mail	161	8,950	683	15,568	98		0	0	26,217	30,383
27	27	International Mail	162	536,175	40,895	932,047	5,851		0	0	1,570,657	1,614,379
28	28	Total All Mail	163	1,036	79	1,800	11		0	0	3,034	3,142
29	29	Special Services	164	7,406	565	12,874	81		0	0	21,695	22,080
30	30	Certified	165	910	69	1,582	10		0	0	2,666	2,723
31	31	Insurance	166	95	7	165	1		0	0	276	283
32	32	Code	168	2,035	155	3,538	22		0	0	5,963	6,141
33	33	Money Orders	159	0	0	0	0		0	0	1	1
34	34	Stamped Cards	169	103	3	180	1		0	0	303	312
35	35	Stamped Envelopes	170	40	8	69	0		0	0	117	122
36	36	Special Handling	171	5,167	394	8,983	56		0	0	15,137	22,318
37	37	Post Office Box	172	4,213	321	7,323	46		0	0	12,341	12,578
38	38	Other	173	21,006	1,602	36,515	229		0	0	61,534	69,701
40	40	Total Special Services	198	557,181	42,497	968,562	6,080		0	0	1,623,191	1,684,080
41	41	Total Volume Variable	199	842,550	33,688	767,802	4,820		1,077	0	4,800,806	4,800,806
42	42	Other Costs	200	1,399,731	76,185	1,736,364	10,900		3,081,016	0	6,437,991	6,364,787
43	43	Total Costs	200	1,399,731	76,185	1,736,364	10,900		3,081,016	0	6,437,991	6,364,787

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 Cost Segments and Components (\$ in '000s)
 CS19 General Mgmt Systems

Line No.	Class, Subclass, or Special Service	Class	Total CS 19
	Column Number		(19)
	Component		0269
1	First-Class Mail		
2	Single Piece Letters	101	0
3	Presort Letters	102	0
4	Total Letters	103	0
5	Single Piece Cards	104	0
6	Presort Cards	105	0
7	Total Cards	108	0
8	Total First-Class	109	0
9	Priority Mail	110	0
10	Express Mail	111	0
11	Mailgrams	112	0
12	Periodicals		
13	Within County	113	0
14	Outside County	117	0
15	Total Periodicals	123	0
16	Standard Mail		
17	Enhanced Carr Rte	126	0
18	Regular	127	0
19	Total Standard Mail	135	0
20	Package Services		
21	Parcel Post	136	0
22	Bound Printed Matter	137	0
23	Media Mail	139	0
24	Total Package Services	141	0
25	U.S. Postal Service	142	0
26	Free Mail	147	0
27	International Mail	161	0
28	Total All Mail	162	0
29	Special Services		
30	Registry	163	0
31	Certified	164	0
32	Insurance	165	0
33	Cod	166	0
34	Money Orders	168	0
35	Stamped Cards	159	0
36	Stamped Envelopes	169	0
37	Special Handling	170	0
38	Post Office Box	171	0
39	Other	172	0
40	Total Special Services	173	0
41	Total Volume Variable	198	0
42	Other Costs	199	63,843
43	Total Costs	200	63,843

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 Cost Segments and Components (\$ in '000s)
 CS20 Other Accrued Expenses

Line No.	Class, Subclass, or Special Service	Class	Equipment Depreciation	Vehicle Depreciation	Building & Leasehold Depreciation	Indemnities	Interest Expense	Other Expenses and Credits	Total CS 20
	Column Number		(20.1)	(20.2)	(20.3)	(20.4)	(20.5)	(20.6)	(20)
	Component		0505	0447	0420	0397	0283	0399	0475
1	First-Class Mail								
2	Single Piece Letters	101	207,178	7,809	180,253	0	247	0	395,487
3	Presort Letters	102	74,763	5,226	68,453	0	93	0	148,535
4	Total Letters	103	281,941	13,034	248,706	0	340	0	544,022
5	Single Piece Cards	104	6,158	473	7,590	0	9	0	14,230
6	Presort Cards	105	2,208	250	2,560	0	3	0	5,021
7	Total Cards	108	8,366	723	10,150	0	12	0	19,252
8	Total First-Class	109	290,308	13,757	258,856	0	352	0	563,274
9	Priority Mail	110	21,275	3,221	42,375	0	42	0	66,913
10	Express Mail	111	669	231	7,306	717	5	0	8,928
11	Mailgrams	112	0	1	3	0	0	0	4
12	Periodicals								
13	Within County	113	309	166	991	0	1	0	1,467
14	Outside County	117	36,485	2,162	34,486	0	46	0	73,178
15	Total Periodicals	123	36,794	2,327	35,477	0	47	0	74,645
16	Standard Mail								
17	Enhanced Carr Rte	126	12,909	5,793	31,915	0	32	0	50,649
18	Regular	127	187,484	9,112	156,089	0	221	0	352,906
19	Total Standard Mail	135	200,393	14,905	188,004	0	252	0	403,555
20	Package Services								
21	Parcel Post	136	10,725	3,073	14,013	0	17	0	27,828
22	Bound Printed Matter	137	9,303	1,585	9,098	0	13	0	19,998
23	Media Mail	139	7,489	572	7,531	0	10	0	15,602
24	Total Package Services	141	27,516	5,230	30,642	0	40	0	63,428
25	U.S. Postal Service	142	9,106	193	11,286	0	13	0	20,598
26	Free Mail	147	831	51	839	0	1	0	1,722
27	International Mail	161	13,346	392	13,768	2,341	17	0	29,865
28	Total All Mail	162	600,239	40,309	588,556	3,059	769	0	1,232,931
29	Special Services								
30	Registry	163	392	33	1,651	1,461	1	0	3,539
31	Certified	164	296	696	6,254	0	5	0	7,249
32	Insurance	165	5	61	918	14,343	1	0	15,327
33	Cod	166	6	7	85	2,027	0	0	2,125
34	Money Orders	168	0	4	2,865	0	2	0	2,870
35	Stamped Cards	159	0	0	0	0	0	0	0
36	Stamped Envelopes	169	0	0	147	0	0	0	147
37	Special Handling	170	27	0	74	0	0	0	101
38	Post Office Box	171	0	0	118,411	0	74	0	118,486
39	Other	172	1,123	279	3,766	0	3	0	5,170
40	Total Special Services	173	1,849	1,079	134,171	17,831	86	0	155,016
41	Total Volume Variable	198	602,088	41,388	722,727	20,889	855	0	1,387,947
42	Other Costs	199	784,594	139,474	0	113,787	289,959	(3,089)	1,324,726
43	Total Costs	200	1,386,682	180,862	722,727	134,677	290,814	(3,089)	2,712,673

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 Cost Segments and Components (\$ in '000s)
 Plant, Equip, Servicewide, and
 Selected Admin Costs

Line No.	Class, Subclass, or Special Service	Class	Employee & Labor Relations	Time & Attendance	Cleaning Equipment & Building	Rents, Fuel & Utilities	Supplies & Services	USPS Security Force	Repaired Annual Leave	Holiday Leave	Civil Service Retirement
	Column Number Component		(2.5)	(2.3 & 3.3)	(11.1 & 11.3)	(15.1 & 15.2)	(16.3)	(18.1)	(18.3)	(18.3)	(18.3)
1	First-Class Mail										
2	Single Piece Letters	101	1	455	265,056	336,369	25,142	12,385	429	16	0
3	Presort Letters	102	0	313	100,064	127,520	9,492	4,678	206	8	0
4	Total Letters	103	1	768	365,120	463,889	34,634	17,061	635	23	0
5	Single Piece Cards	104	0	34	10,858	14,052	1,030	507	23	1	0
6	Presort Cards	105	0	13	3,674	4,744	349	172	9	0	0
7	Total Cards	108	1	47	14,532	18,796	1,378	679	32	1	0
8	Total First-Class	109	1	816	379,652	482,685	36,012	17,740	666	25	0
9	Priority Mail	110	(1)	144	62,936	79,306	5,970	2,941	102	4	0
10	Express Mail	111	(0)	41	10,542	13,559	1,000	493	23	1	0
11	Mailgrams	112	0	(0)	4	5	0	0	0	0	0
12	Periodicals										
13	Within County	113	0	9	1,444	1,844	137	67	4	0	0
14	Outside County	117	(0)	(474)	51,867	64,780	4,920	2,424	(204)	(8)	0
15	Total Periodicals	123	0	(465)	53,311	66,625	5,057	2,491	(200)	(7)	0
16	Standard Mail										
17	Enhanced Carr Rite	126	(0)	271	45,646	59,083	4,330	2,133	107	4	0
18	Regular	127	0	564	231,252	291,914	21,936	10,806	379	14	0
19	Total Standard Mail	135	0	835	276,898	350,997	26,265	12,939	486	18	0
20	Package Services										
21	Parcel Post	136	0	77	20,723	26,193	1,966	968	42	2	0
22	Bound Printed Matter	137	(0)	53	13,390	16,982	1,270	626	27	1	0
23	Media Mail	139	(0)	41	11,172	14,069	1,060	522	22	1	0
24	Total Package Services	141	(0)	172	45,285	57,265	4,296	2,116	91	3	0
25	U.S. Postal Service	142	(0)	43	16,646	21,079	1,579	778	33	1	0
26	Free Mail	147	0	4	1,246	1,570	118	58	2	0	0
27	International Mail	161	0	72	20,310	25,716	1,926	949	39	1	0
28	Total All Mail	162	1	1,661	866,830	1,098,808	82,224	40,505	1,243	45	0
29	Special Services										
30	Registry	163	0	14	2,324	3,043	220	109	6	0	0
31	Certified	164	(0)	56	8,247	11,320	782	385	23	1	0
32	Insurance	165	0	8	1,221	1,666	116	57	3	0	0
33	Cod	166	0	0	112	153	11	5	0	0	0
34	Money Orders	168	0	18	3,808	5,197	361	178	9	0	0
35	Stamped Cards	159	0	0	0	1	0	0	0	0	0
36	Stamped Envelopes	169	0	1	196	267	19	9	0	0	0
37	Special Handling	170	0	0	110	138	10	5	0	0	0
38	Post Office Box	171	1	591	153,679	213,429	14,577	7,181	299	11	0
39	Other	172	(1)	33	5,085	6,860	482	238	14	1	0
40	Total Special Services	173	1	721	174,761	242,074	16,579	8,167	356	13	0
41	Total Volume Variable	198	1	2,382	1,041,611	1,340,882	98,803	48,672	1,598	59	0
42	Other Costs	199	(1)	(2,382)	678,110	250,038	64,323	31,686	(1,598)	(59)	0
43	Total Costs	200	0	0	1,719,721	1,590,919	163,126	80,358	0	0	0

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 Cost Segments and Components (\$ in '000s)
 Plant, Equip, Servicewide, and
 Selected Admin Costs

Line No.	Class, Subclass, or Special Service	Class	FERS Retirement (18.3)	Workers' Compensation (18.3)	Unemployment Compensation (18.3)	Retiree Health Benefits (18.3)	Annuitant Life Insurance (18.3)	Annuitant COLA/Principal (18.3)	Depreciation (20.1 - 20.4)	Interest Expense (20.5)	Total
	Column Number Component										
1	First-Class Mail										
2	Single Piece Letters	101	0	4,283	12,849	292,838	1,838	0	395,487	0	1,347,148
3	Presort Letters	102	0	2,053	5,427	123,680	776	0	148,535	0	522,748
4	Total Letters	103	0	6,336	18,275	416,518	2,615	0	544,022	0	1,869,896
5	Single Piece Cards	104	0	230	659	15,024	94	0	14,230	0	56,745
6	Presort Cards	105	0	86	234	5,345	34	0	5,021	0	19,681
7	Total Cards	108	0	317	894	20,369	128	0	19,252	0	76,426
8	Total First-Class	109	0	6,652	19,169	436,887	2,743	0	563,274	0	1,946,322
9	Priority Mail	110	0	1,022	1,925	43,867	275	0	66,913	0	265,405
10	Express Mail	111	0	226	412	9,381	59	0	8,211	0	43,947
11	Mailgrams	112	0	0	0	8	0	0	4	0	22
12	Periodicals										
13	Within County	113	0	38	84	1,919	12	0	1,467	0	7,026
14	Outside County	117	0	(2,034)	2,245	51,171	321	0	73,178	0	248,188
15	Total Periodicals	123	0	(1,996)	2,329	53,090	333	0	74,645	0	255,214
16	Standard Mail										
17	Enhanced Carr Rte	126	0	1,069	3,060	69,751	438	0	50,649	0	236,541
18	Regular	127	0	3,783	11,092	252,799	1,587	0	352,906	0	1,179,032
19	Total Standard Mail	135	0	4,852	14,152	322,550	2,025	0	403,555	0	1,415,572
20	Package Services										
21	Parcel Post	136	0	423	735	16,749	105	0	27,828	0	95,811
22	Bound Printed Matter	137	0	270	528	12,036	76	0	19,998	0	65,259
23	Media Mail	139	0	218	346	7,889	50	0	15,602	0	51,011
24	Total Package Services	141	0	911	1,609	36,675	230	0	63,428	0	212,081
25	U.S. Postal Service	142	0	331	571	13,021	82	0	20,598	0	74,761
26	Free Mail	147	0	22	44	1,010	6	0	1,722	0	5,803
27	International Mail	161	0	389	683	15,558	98	0	27,524	0	93,264
28	Total All Mail	162	0	12,409	40,895	932,047	5,851	0	1,229,872	0	4,312,391
29	Special Services										
30	Registry	163	0	62	79	1,800	11	0	2,078	0	9,748
31	Certified	164	0	229	565	12,874	81	0	7,249	0	41,812
32	Insurance	165	0	33	69	1,582	10	0	984	0	5,749
33	Cod	166	0	3	7	165	1	0	98	0	556
34	Money Orders	168	0	94	155	3,538	22	0	2,870	0	16,252
35	Stamped Cards	159	0	0	0	0	0	0	0	0	2
36	Stamped Envelopes	169	0	5	8	180	1	0	147	0	832
37	Special Handling	170	0	2	3	69	0	0	101	0	441
38	Post Office Box	171	0	2,987	394	8,983	56	0	118,486	0	520,674
39	Other	172	0	141	321	7,323	46	0	5,170	0	25,713
40	Total Special Services	173	0	3,556	1,602	36,515	229	0	137,185	0	621,780
41	Total Volume Variable	198	0	15,966	42,497	968,562	6,080	0	1,367,057	0	4,934,171
42	Other Costs	199	0	(15,966)	33,688	767,802	4,820	3,081,016	924,647	289,381	6,105,504
43	Total Costs	200	0	0	76,185	1,736,364	10,900	3,081,016	2,291,703	289,381	11,039,672

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Cost Segments and Components (\$ in '000s)

Plant, Equip, Servicewide, and

Selected Admin Costs

Line No.	Class, Subclass, or Special Service	Class	Adjusted Alaska Air (14.1)
	Column Number Component		
1	First-Class Mail		
2	Single Piece Letters	101	16
3	Presort Letters	102	0
4	Total Letters	103	16
5	Single Piece Cards	104	0
6	Presort Cards	105	0
7	Total Cards	108	0
8	Total First-Class	109	16
9	Priority Mail	110	64
10	Express Mail	111	0
11	Mailgrams	112	0
12	Periodicals		
13	Within County	113	0
14	Outside County	117	14
15	Total Periodicals	123	14
16	Standard Mail		
17	Enhanced Carr Rte	126	47
18	Regular	127	44
19	Total Standard Mail	135	91
20	Package Services		
21	Parcel Post	136	6,587
22	Bound Printed Matter	137	10
23	Media Mail	139	10
24	Total Package Services	141	6,608
25	U.S. Postal Service	142	20
26	Free Mail	147	0
27	International Mail	161	4
28	Total All Mail	162	6,817
29	Special Services		
30	Registry	163	0
31	Certified	164	0
32	Insurance	165	0
33	Cod	166	0
34	Money Orders	168	0
35	Stamped Cards	159	0
36	Stamped Envelopes	169	0
37	Special Handling	170	0
38	Post Office Box	171	0
39	Other	172	0
40	Total Special Services	173	0
41	Total Volume Variable	198	6,817
42	Other Costs	199	89,328
43	Total Costs	200	96,144

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Exhibit USPS-T-10I

“D” Report

Final Adjustments

Test Year 2006 After Rates

Line No.	Class, Subclass, or Special Service	Column Number	(1)	(2)	(3)	(4)	(5)	(6)
			Total Volume	Postal Penalty	Final Adjustments	Adjusted Volume Variable Before Contingency	Contingency	Adjusted Volume Variable Including Contingency
1	First-Class Mail	Component	10,985,132	0	0	10,985,132	0.0%	
2	Single Piece Letters		101					10,985,132
3	Presort Letters		102		(114,658)	4,635,002	0	4,635,002
4	Total Letters		103		(114,658)	15,620,135	0	15,620,135
5	Single Piece Cards		104		0	529,437	0	529,437
6	Presort Cards		105		(4,600)	189,068	0	189,068
7	Total Cards		108		(4,600)	718,505	0	718,505
8	Total First-Class		109		(119,258)	16,338,640	0	16,338,640
9	Priority Mail		110		23,861	2,805,045	0	2,805,045
10	Express Mail		111		0	439,794	0	439,794
11	Mailing Labels		112		0	263	0	263
12	Periodicals		113		0	66,175	0	66,175
13	Within County		117		0	2,046,363	0	2,046,363
14	Outside County		123		0	2,112,538	0	2,112,538
15	Total Periodicals		126		0	2,481,440	0	2,481,440
16	Standard Mail		127		(253,704)	9,119,123	0	9,119,123
17	Enhanced Can Rite		135		11,854,267	11,800,563	0	11,800,563
18	Regular		136		54,314	993,929	0	993,929
19	Total Standard Mail		137		54,314	513,071	0	513,071
20	Package Services		139		0	407,495	0	407,495
21	Parcel Post		141		0	1,914,495	0	1,914,495
22	Bound Printed Matter		142		0	0	0	0
23	Media Mail		147		0	43,829	0	43,829
24	Total Package Services		161		0	1,416,017	0	1,416,017
25	U.S. Postal Service		162		0	36,571,184	0	36,571,184
26	Free Mail		163		0	65,313	0	65,313
27	International Mail		164		0	437,028	0	437,028
28	Total All Mail		166		0	68,315	0	68,315
29	Special Services		168		0	129,506	0	129,506
30	Registry		169		0	7,637	0	7,637
31	Certified		170		0	1,327	0	1,327
32	Insurance		171		0	2,507	0	2,507
33	Cod		172		0	12,789	0	12,789
34	Money Orders		173		0	129,506	0	129,506
35	Stamped Cards		174		0	1,327	0	1,327
36	Stamped Envelopes		175		0	12,789	0	12,789
37	Special Handling		176		0	2,507	0	2,507
38	Post Office Box		177		0	639,965	0	639,965
39	Other		178		0	175,519	0	175,519
40	Total Special Services		179		0	1,539,905	0	1,539,905
41	Total Volume Variable		180		0	38,271,089	0	38,271,089
42	Other Costs		181		0	34,400,062	0	34,400,062
43	Total Costs		200		0	72,611,151	0	72,611,151

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APPENDICES

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Appendix A

**Cumulative Effect of Systems Platform Change for R2001-1 USPS and
Cumulative Effect of Roll Forward Model Refinements for R2001-1 USPS**

R2001-1 USPS As Filed - FY 2003AR After Workyear Mix
Cost Segments and Components
D Report (\$ in '000s)

Line No.	Class, Subclass, or Special Service	Class	Total Volume Variable	Postal Penalty	Additional Final Adjustments	Total Volume Variable Before Contingency	Contingency	Total Volume Variable Including Contingency
			(1)	(2)	(3)	(4)	(5)	(6)
	Column Number Calculations Column Source/Notes Component						3.00%	
1	First-Class Mail							
2	Single Piece Letters	101	12,064,994		(435)	12,064,559	361,937	12,426,496
3	Presort Letters	102	5,378,792		(100,421)	5,278,371	158,351	5,436,722
4	Total Letters	103	17,443,786		(100,856)	17,342,930	520,288	17,863,218
5	Single Piece Cards	104	543,350		0	543,350	16,301	559,651
6	Presort Cards	105	146,056		(4,460)	141,596	4,248	145,844
7	Total Cards	108	689,406		(4,460)	684,946	20,548	705,494
8	Total First-Class	109	18,133,192		(105,316)	18,027,876	540,836	18,568,712
9	Priority Mail	110	3,489,782		(25,770)	3,464,012	103,920	3,567,932
10	Express Mail	111	480,772		(392)	480,380	14,411	494,791
11	Mailgrams	112	616		0	616	18	634
12	Periodicals							
13	Within County	113	80,426		(3,981)	76,445	2,293	78,738
14	Outside County	117	2,276,072		(30,194)	2,245,878	67,376	2,313,254
15	Total Periodicals	123	2,356,498		(34,175)	2,322,323	69,670	2,391,993
16	Standard Mail							
17	Enhanced Carr Rte	126	2,629,596		(7,497)	2,622,099	78,663	2,700,762
18	Regular	127	8,787,626		(350,325)	8,437,301	253,119	8,690,420
19	Total Standard Mail	135	11,417,222		(357,822)	11,059,400	331,782	11,391,182
20	Package Services							
21	Parcel Post	136	1,184,105		(174,156)	1,009,949	30,298	1,040,247
22	Bound Printed Matter	137	526,399		0	526,399	15,792	542,191
23	Media Mail	139	270,937		0	270,937	8,128	279,065
24	Total Package Services	141	1,981,441		(174,156)	1,807,285	54,219	1,861,504
25	U.S. Postal Service	142	330,399	(330,399)	0	0	0	0
26	Free Mail	147	37,708		(410)	37,298	1,119	38,417
27	International Mail	161	1,523,837		10,678	1,534,515	46,035	1,580,550
28	Total All Mail	162	39,751,467	(330,399)	(687,363)	38,733,705	1,162,011	39,895,716
29	Special Services							
30	Registry	163	76,800		501	77,301	2,319	79,620
31	Certified	164	419,572		0	419,572	12,587	432,159
32	Insurance	165	110,887		21,414	132,301	3,969	136,270
33	Cod	166	12,226		0	12,226	367	12,593
34	Money Orders	168	174,932		0	174,932	5,248	180,180
35	Stamped Cards	169	2,800		0	2,800	84	2,884
36	Stamped Envelopes	169	12,598		0	12,598	378	12,976
37	Special Handling	170	1,889		0	1,889	57	1,946
38	Post Office Box	171	640,555		0	640,555	19,217	659,772
39	Other	172	199,757		(28,252)	171,505	5,145	176,650
40	Total Special Services	173	1,652,016		(6,337)	1,645,679	49,370	1,695,049
41	Total Volume Variable	198	41,403,483	(330,399)	(693,700)	40,379,384	1,211,382	41,590,766
42	Other Costs	199	31,304,089	330,399	(352)	31,634,136	949,024	32,583,160
43	Total Costs	200	72,707,572		(694,052)	72,013,520	2,160,406	74,173,926
44	Variability		56.9%			56.1%	56.1%	56.1%

COBOL Model (As Filed)	\$ Difference	% Difference
12,426,541	(45)	-0.0004%
5,436,661	61	0.0011%
17,863,202	16	0.0001%
559,662	(12)	-0.0021%
145,845	(1)	-0.0008%
705,507	(13)	-0.0018%
18,568,709	3	0.0000%
3,567,993	(61)	-0.0017%
494,819	(28)	-0.0056%
637	(3)	-0.3956%
78,785	(47)	-0.0592%
2,313,219	35	0.0015%
2,392,004	(11)	-0.0005%
2,700,724	38	0.0014%
8,690,374	46	0.0005%
11,391,098	84	0.0007%
1,040,238	9	0.0009%
542,200	(9)	-0.0017%
279,052	13	0.0047%
1,861,490	14	0.0007%
0		
38,341	76	0.1981%
1,580,572	(22)	-0.0014%
39,895,663	53	0.0001%
79,597	23	0.0269%
432,148	11	0.0026%
136,250	20	0.0147%
12,608	(15)	-0.1207%
180,181	(1)	-0.0006%
2,885	(1)	-0.0347%
12,978	(2)	-0.0159%
1,944	2	0.0859%
659,760	12	0.0018%
176,648	2	0.0012%
1,694,999	50	0.0030%
41,590,662	104	0.0002%
32,583,195	(35)	-0.0001%
74,173,857	69	0.0001%
56.1%		

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Cumulative Effect of Roll Forward Model Refinements for R2001-1 USPS (Revised vs. As Filed)

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Appendix A

**R2001-1 USPS Revised - FY 2003AR After Workyear Mix
Cost Segments and Components
D Report (\$ in '000s)**

Line No.	Class, Subclass or Special Service	Class	Total Volume Variable (1)	Postal Penalty (2)	Additional Final Adjustments (3)	Total Volume Variable Before Contingency (4)	Contingency (5)	Total Volume Variable Including Contingency (6)	Excel Model (As Filed)	\$ Difference	% Difference
	Column Number Column Source/Notes Component										
1	First-Class Mail						3.00%				
2	Single Piece Letters	101	12,032,092		(435)	12,031,657	360,950	12,392,607	12,426,496	(33,889)	-0.2727%
3	Presort Letters	102	5,391,938		(100,421)	5,291,517	158,746	5,450,263	5,436,722	13,540	0.2451%
4	Total Letters	103	17,424,030		(100,856)	17,323,174	519,695	17,842,869	17,863,218	(20,349)	-0.1139%
5	Single Piece Cards	104	542,879		0	542,879	16,286	559,165	559,651	(485)	-0.0867%
6	Presort Cards	105	145,921		(4,460)	141,461	4,244	145,705	145,844	(139)	-0.0953%
7	Total Cards	108	688,800		(4,460)	684,340	20,530	704,870	705,494	(624)	-0.0885%
8	Total First-Class	109	18,112,830		(105,316)	18,007,514	540,225	18,547,739	18,568,712	(20,973)	-0.1129%
9	Priority Mail	110	3,488,231		(25,770)	3,462,461	103,874	3,566,335	3,567,932	(1,598)	-0.0448%
10	Express Mail	111	479,908		(392)	479,516	14,385	493,901	494,791	(890)	-0.1799%
11	Mailgrams	112	612		0	612	18	630	634	(4)	-0.6494%
12	Periodicals										
13	Within County	113	80,261		(3,981)	76,280	2,288	78,568	78,738	(170)	-0.2158%
14	Outside County	117	2,273,725		(30,194)	2,243,531	67,306	2,310,837	2,313,254	(2,417)	-0.1045%
15	Total Periodicals	123	2,353,986		(34,175)	2,319,811	69,594	2,389,405	2,391,983	(2,587)	-0.1082%
16	Standard Mail										
17	Enhanced Car Rate	126	2,630,257		(7,497)	2,622,760	78,683	2,701,443	2,700,762	681	0.0252%
18	Regular	127	8,803,116		(350,325)	8,452,791	253,584	8,706,375	8,690,420	15,955	0.1836%
19	Total Standard Mail	135	11,433,373		(357,822)	11,075,551	332,267	11,407,818	11,391,182	16,636	0.1460%
20	Package Services										
21	Parcel Post	136	1,167,408		(174,156)	1,013,252	30,398	1,043,650	1,040,247	3,402	0.3270%
22	Bound Printed Matter	137	527,066		0	527,066	15,812	542,878	542,191	687	0.1267%
23	Media Mail	138	269,235		0	269,235	8,077	277,312	279,063	(1,753)	-0.6282%
24	Total Package Services	141	1,963,709		(174,156)	1,809,553	54,287	1,863,840	1,861,504	2,336	0.1255%
25	U.S. Postal Service	142	330,117	(330,117)	0	0	0	0	0	0	
26	Free Mail	147	37,707		(410)	37,297	1,119	38,416	38,417	(1)	-0.0027%
27	International Mail	161	1,525,488		10,678	1,536,166	46,085	1,582,251	1,580,550	1,701	0.1076%
28	Total All Mail	162	39,745,961	(330,117)	(687,363)	38,728,481	1,161,854	39,890,335	39,895,716	(5,381)	-0.0135%
29	Special Services										
30	Registry	163	76,318		501	76,819	2,305	79,124	79,620	(496)	-0.6235%
31	Certified	164	420,211		0	420,211	12,606	432,817	432,159	658	0.1523%
32	Insurance	165	111,050		21,414	132,464	3,974	136,438	136,270	168	0.1232%
33	Cod	166	12,122		0	12,122	364	12,486	12,593	(107)	-0.8506%
34	Money Orders	168	174,926		0	174,926	5,248	180,174	180,180	(6)	-0.0034%
35	Stamped Cards	159	2,800		0	2,800	84	2,884	2,884	0	0.0000%
36	Stamped Envelopes	169	12,593		0	12,593	378	12,971	12,976	(5)	-0.0387%
37	Special Handling	170	1,890		0	1,890	57	1,947	1,946	1	0.0529%
38	Post Office Box	171	641,436		0	641,436	19,243	660,679	659,772	907	0.1375%
39	Other	172	199,803		(28,252)	171,551	5,147	176,698	176,650	47	0.0268%
40	Total Special Services	173	1,653,149		(6,337)	1,646,812	49,404	1,696,216	1,695,049	1,167	0.0688%
41	Total Volume Variable	198	41,399,110	(330,117)	(693,700)	40,375,293	1,211,258	41,586,552	41,590,766	(4,214)	-0.0101%
42	Other Costs	199	31,352,055	330,117	(352)	31,681,820	960,455	32,632,275	32,593,160	49,115	0.1507%
43	Total Costs	200	72,751,165		(694,052)	72,057,113	2,161,713	74,218,826	74,173,926	44,901	0.0605%
44	Variability		56.9%			56.0%	56.0%	56.0%	56.1%		

A-2

USPS-T-10

Appendix B

Roll Forward Effects Lists Input Comparison
USPS
R2001-1 vs. R2005-1

Row Seq.	Component Number	USPS Component Title	Cost Level USPS R2001	Cost Level USPS R2005	Mail Volume USPS R2001	Mail Volume USPS R2005	Distribution Key USPS R2001	Distribution Key USPS R2005	Non-Volume Workload USPS R2001	Non-Volume Workload USPS R2005	Additional Workday USPS R2001	Additional Workday USPS R2005
1	0001	Postmasters EAS 23 & Below	X	X	V	V			A	A	199	199
2	0002	Postmasters EAS 24 & Above	X	X								
<u>C/S 2 Supervisors & Technicians</u>												
3	0004	Supv - Mail Processing										
4	0007	Supv - Window Service	X	X	I	I	0035	0035	I	I	I	I
5	0009	Supv - Time & Attend and Admin Support	X	X	I	I	0040	0040	I	I	I	I
6	0013	Supv - City Deliv. Office	X	X	I	I	0525	0525	I	I	I	I
7	0014	Supv - City Deliv. Delivery Activities	X	X	I	I	0043	0043	I	I	I	I
8	0017	Supv - City Deliv. Other Support	X	X	I	I	0046	0046	I	I	I	I
9	0018	Supv - City Deliv. Network Travel	X	X	I	I	0522	0522	I	I	I	I
10	0015	Supv - City Deliv. Other Load (PRC)	X ¹	X ¹	I ¹	I ¹	0054	0054	I ¹	I ¹	I ¹	I ¹
11	0016	Supv - City Deliv. Access (PRC)	X ¹	X ¹	I ¹	I ¹	0692	0692	I ¹	I ¹	I ¹	I ¹
12	0680	Supv - City Deliv. SCS Access (PRC)	X ¹	X ¹	I ¹	I ¹	0048	0048	I ¹	I ¹	I ¹	I ¹
13	0026	Supervision - Expedited Delivery	X	na	I	na	0683	0683	I	I	I	na
14	0029	Employee & Labor Relations Techs	X	X			0059	0059	I	I	I	I
15	0030	Higher Level Supervisors	X	X	I	I	0525	0525	I	I	I	I
16	0031	General Supv of Mail Processing	X	X	I	I	0525	0294	I	I	I	I
17	0032	General Supv of Collection & Deliv	X	X	I	I	0035	0035	I	I	I	I
18	0601	Supv - Training	X	X	I	I	0523	0523	I	I	I	I
19	0674	Supv - Rural Delivery Carriers	X	X	I	I	0470	0602	I	I	I	I
20	0675	Supv - Vehicle Service	X	X	I	I	0072	0072	I	I	I	I
21	0676	Supv - Quality Control/Rev Protect	X	X	I	I	0057	0057	I	I	I	I
22	0677	Supv - Central Mail Mail-up	X	X	I	I	0423	0295	I	I	I	I
23	0678	Joint Supv Clerks & Carriers	X	X	I	I	0035		I	I	I	I
24	0033	Product Specific and Other Supv & Tech Activities	X	X	I	I	0694	0694	I	I	199	199
<u>C/S 3 Clerks & Mailhandlers - CAG A-J</u>												
25	0035	Mail Processing	X	X	V	V					199	199
26	0040	Window Service	X	X	V	V					199	199
27	0066	Administrative Support & Miscellaneous	X	X	V	V					A	199
28	0421	Data Collection	X	X	V	V						199
29	0422	General Office & Clerical	X	X	V	V		0294				I
30	0423	Quality Control	X	X	V	I		0295				I
31	0467	Training - Schemes	X	X	V	V		0466				I
32	0468	Training - Mail Processing, Non-Parcels	X	X	V	V						I
33	0469	Training - Mail Processing, Parcels	X	X	V	V						I
34	0470	Training - Other	X	X	V	I		0473			199	199
35	0041	Other Clerk & Mailhandler Activities	X	X	V	V					A ⁷	199
36	0227	Product Specific Admin	X	X							I	I
37	0228	Time & Attend and Admin Support	X	X	I	I	0525	0525	I	I	I	I
38	0059	Expedited Delivery	X	na	V	na					199	na

Row Seq.	Com- ponent Number	USPS Component Title	Cost Level USPS R2001	Cost Level USPS R2005	Mail Volume USPS R2001	Mail Volume USPS R2005	Distribu- tion Key USPS R2001	Distribu- tion Key USPS R2005	Non- Volume Workload USPS R2001	Non- Volume Workload USPS R2005	Additional Workday USPS R2001	Additional Workday USPS R2005
39	0042	C/S 4 Clerks - CAG K Offices	X	X	V	V					199	199
40	0043	C/S 6 City Delivery Carriers - Office										
41	0043	In-Office Direct Labor	X	X	V	V					199	199
42	0044	In-Office Support Overhead	X	X	I	I	0043	0043	I	I	I	I
43	0045	Carriers CAG K Offices	X	X	I	I		0606			199	I
44	0044	In-Office Support Other (USPS Only)	na	X	na	I		0605		I	na	I
45	0047	C/S 7 City Delivery Carriers - Street										
46	0047	Other Load (PRC)	X	X								
47	0048	Access (PRC)	X	X	M	M			A	199		
48	0049	St Support - Office (PRC)	X	X	I	I	0043	0043	A	A	199*	199*
49	0050	SCS Access (PRC)	X	X	M	M			A	A	I	I
50	0051	SCS Load (PRC)	X	X	M	M			A	A		
51	0051	St Support - Other Load (PRC)	X	X	I	I	0047	0047	I	I	I	I
52	0052	St Support - Access (PRC)	X	X	I	I	0048	0048	I	I	I	I
53	0053	St Support - SCS Access (PRC)	X	X	I	I	0683	0683	I	I	I	I
54	0054	St Support - SCS Load (PRC)	X	X	I	I	0610	0610	I	I	I	I
55	0054	Elemental Load (R2001) / Delivery Activities (R2005)	X	X	V	V				199	199	199
56	0050	St Support - Elem Load (R2001) / Delivery Activities Support (R2005)	X	X	I	I	0046	0046	I	I	I	I
57	0053	St Support - Route (R2001) / Network Travel Support (R2005)	X	X	I	I	0054	0054	I	I	I	I
58	0054	Route (R2001) / Network Travel (R2005)	X	X	V	V			A	199	199	199
59	0057	C/S 8 Vehicle Service Drivers	X	X	V	V					199	199
60	0057	Vehicle Service Drivers	X	X	V	V						
61	0069	C/S 10 Rural Carriers	X	X	V	V						
62	0070	Evaluated Routes	X	X	V	V			199	199	199	199
63	0070	Other Routes	X	X	V	V					199	199
64	0073	Equipment Maintenance Allowance	X	X					199	199	199	199
65	0073	Equipment Maintenance	X	X								
66	0074	C/S 11 Custodial & Maintenance										
67	0074	Cleaning & Protection	X	X								
68	0074	Custodial Personnel	X	X					A	199	199	199
69	0075	Equipment & Building (Personnel)	X	X								
70	0075	Operating Equipment Maintenance	X	X	V	V					199	199
71	0079	Plant & Building Equipment Maintenance	X	X					A	199	199	199
72	0081	Contract Cleaners	X	X								
73	0081	Contract Cleaners	X	X					A	199	199	199

Roll Forward Effects Lists Input Comparison, USPS, R2001-1 vs. R2005-1

R2005-1

Row Seq	Component Number	USPS Component Title	Cost Level USPS R2001	Cost Level USPS R2005	Mail Volume USPS R2001	Mail Volume USPS R2005	Distribution Key USPS R2001	Distribution Key USPS R2005	Non-Volume Workload USPS R2001	Non-Volume Workload USPS R2005	Additional Workday USPS R2001	Additional Workday USPS R2005
104	0129	Carfare - City Deliv - Other Load (PRC)	X	X	I	I	0692	0692	I	I	I	I
105	0130	Carfare - City Deliv - Access (PRC)	X	X	I	I	0048	0048	I	I	I	I
106	0668	Carfare - City Deliv - SCS Access (PRC)	X	X	I	I	0683	0683	I	I	I	I
107	0127	Carfare - City Deliv - Office	X	X	I	I	0043	0606	I	I	I	I
108	0128	Carfare - City Deliv - Delivery Activities	X	X	I	I	0046	0046	I	I	I	I
109	0131	Carfare - City Deliv - Network Travel	X	X	I	I	0054	0054	I	I	I	I
110	0133	Carfare - Expedited Delivery	X	na	I	na	0059	na	I	na	I	na
111	0134	Carfare - Other	X	X							199	199
112	0138	Driveout - City Delivery										
113	0139	Driveout - City Deliv - Other Load (PRC)	X	X	I	I	0692	0692	I	I	199	I
114	0688	Driveout - City Deliv - Access (PRC)	X	X	I	I	0048	0048	I	I	199	I
115	0689	Driveout - City Deliv - SCS Access (PRC)	X	X	I	I	0683	0683	I	I	I	I
116	0136	Driveout - City Deliv - Office	X	X	I	I	0043	0606	I	I	199	I
117	0137	Driveout - City Deliv - Delivery Activities	X	X	I	I	0046	0046	I	I	199	I
118	0140	Driveout - City Deliv - Network Travel	X	X	I	I	0054	0054	I	I	199	I
118	0142	Domestic Air	X	X	V	V					199	199
119	0681	Domestic Alaska Air	X	X	V	V					199	199
120	0143	Highway	X	X	V	V					199	199
121	0144	Railroad	X	X	V	V					199	199
122	0145	Domestic Water	X	X	V	V					199	199
123	0146	International	X	X	V	V						
124	1438	Settlement Transactions (SDR's)										
125	0151	Rent										
126	0165	Rent	X	X					A	199		
127	0234	Product Specific Rents	X	X						199		
128	0166	Fuel & Utilities										
129	0167	Fuel	X	X					A	199	199	199
130	0168	Communications	X	X					A	199	199	199
131	0169	Building Projects Expensed	X	X							199	199
132	0170	Moving Expense	X	X								
133	0171	Reimburse for Bldg Costs Oth Than Rent	X	X								
134	0173	Supply Personnel & Services										
135	0174	Supply Personnel	X	X								199
136	0175	ADP Supplies & Services	X	X								
137	0176	Repair & Maint of Equip Except ADP & Vehicles	X	X								
138	0179	Custodial Supplies & Services	X	X						199		199
139	0179	Printing & Reproduction	X	X								
140	0180	Printing & Reproduction	X	X	V	V						
141	0181	Stamps & Dispensers	X	X	V	V						
142	0248	Money Orders	X	X	V	V						
143	0248	Stamped Cards & Embossed Stamped Envelopes	X	X	V	V						
144	0182	Inventory Adjustment										

Row Seq.	Com- ponent Number	USPS Component Title	Cost Level USPS R2001	Cost Level USPS R2005	Mail Volume USPS R2001	Mail Volume USPS R2005	Distribu- tion Key USPS R2001	Distribu- tion Key USPS R2005	Non- Volume Workload USPS R2001	Non- Volume Workload USPS R2005	Additional Workday USPS R2001	Additional Workday USPS R2005
143	0184	Postal Supplies & Services										
144	0187	Equipment	X	X	I	V	0075		I		199	199
145	0196	Expedited Mail Supplies & Services	X									
146	1426	Tracking & Tracing	X	X								
147	0177	Related Encoding Supplies & Services (R2001) / Non-Mail										
148	0197	Related Products (R2005)	X	X				0525				
149	0189	Misc Postal Supplies & Services	X	X								
150	0246	Product Specific Supplies & Services	X	X								
151	0190	Reimbursements										
152	0191	Reimbursements for Supplies & Services	X	X								
153	0192	Advertising										
154	0193	CS 17 Research & Development										
155	0194	CS 18 Administration & Service-wide										
156	0195	Administration Personnel Costs										
157	0199	Headquarters	X	X								
158	0200	Money Order Division	X	X							199	199
159	0201	Area Administration	X	X							199	199
160	0202	USPS Security Force	X	X								
161	0203	Inspection Service Field Support	X	X						199		
162	0204	Service-wide Personnel Costs										
163	0205	Replaced Annual Leave										
164	0206	Holiday Leave Variance										
165	0207	CS Retirement Fund Deficit Current (R2001) / CS										
166	0208	Retirement Supplemental Liability (1) (R2005)										
167	0209	Retirement Supplemental Liability (2) (R2005)										
168	0210	FERS Retirement Fund Deficit										
169	0211	Retiree Health Benefits										
170	0212	Annuitant Life Insurance										
171	0213	Annuitant COLA / Principal (R2001) /										
172	0214	CS Retirement Reform Escrow (FY 2006) (R2005)										
173	0215	Workers' Comp Current Liability										
174	0216	Workers' Comp Prior Year										
175	0217	Unemployment Compensation										
176	0218	Workers' Comp PO Dept Liability										
177	0219	OWCP Health Benefits										
178	0220	Administration Support										
179	0221	HQ & Area Supplies & Services	X	X								
180	0222	HQ & Area Misc Support	X	X								
181	0223	Inspection Expenses & Employee Losses	X	X								
182	0224	Annual Protection Program	X	X								
183	0225	Misc Reimbursements for HQ & Area	X	X								
184	0226	Commissions on Non-US Money Orders	X	X								
185	0227	Individual Awards	X	X								
186	0228	Misc Personnel Compensation	X	X								

Row	Component	USPS Component Title	Cost Level	Cost Level	Cost Level	Mail	Mail	Distribution Key	Distribution Key	Non-Volume	Non-Volume	Additional USPS	Additional USPS
178	0219	General Management Systems	USPS	USPS	USPS	USPS	USPS	USPS	USPS	USPS	USPS	USPS	USPS
179	0220	Maintenance Technical Support Center	USPS	USPS	USPS	USPS	USPS	USPS	USPS	USPS	USPS	USPS	USPS
180	0223	City Delivery Vehicle Depreciation	USPS	USPS	USPS	USPS	USPS	USPS	USPS	USPS	USPS	USPS	USPS
181	0224	Vehicle Dep - City Deliv - Access (PRC)	USPS	USPS	USPS	USPS	USPS	USPS	USPS	USPS	USPS	USPS	USPS
182	0691	Vehicle Dep - City Deliv - SCS Access (PRC)	USPS	USPS	USPS	USPS	USPS	USPS	USPS	USPS	USPS	USPS	USPS
183	0221	Vehicle Dep - City Deliv - Office	USPS	USPS	USPS	USPS	USPS	USPS	USPS	USPS	USPS	USPS	USPS
184	0222	Vehicle Dep - City Deliv - Delivery Activities	USPS	USPS	USPS	USPS	USPS	USPS	USPS	USPS	USPS	USPS	USPS
185	0225	Vehicle Dep - City Deliv - Network Travel	USPS	USPS	USPS	USPS	USPS	USPS	USPS	USPS	USPS	USPS	USPS
186	0229	Other Vehicle Depreciation	USPS	USPS	USPS	USPS	USPS	USPS	USPS	USPS	USPS	USPS	USPS
187	0581	Vehicle Dep - Vehicle Service Drivers	USPS	USPS	USPS	USPS	USPS	USPS	USPS	USPS	USPS	USPS	USPS
188	0582	Vehicle Dep - Rural Delivery	USPS	USPS	USPS	USPS	USPS	USPS	USPS	USPS	USPS	USPS	USPS
189	0230	Vehicle Dep - Other	USPS	USPS	USPS	USPS	USPS	USPS	USPS	USPS	USPS	USPS	USPS
190	0232	Equipment Depreciation	USPS	USPS	USPS	USPS	USPS	USPS	USPS	USPS	USPS	USPS	USPS
191	0233	Product Specific Equipment Depreciation	USPS	USPS	USPS	USPS	USPS	USPS	USPS	USPS	USPS	USPS	USPS
192	0236	Building & Leasehold Depreciation	USPS	USPS	USPS	USPS	USPS	USPS	USPS	USPS	USPS	USPS	USPS
193	0237	Depreciation - Leasehold	USPS	USPS	USPS	USPS	USPS	USPS	USPS	USPS	USPS	USPS	USPS
194	0247	Product Specific Depreciation - Leasehold	USPS	USPS	USPS	USPS	USPS	USPS	USPS	USPS	USPS	USPS	USPS
195	0730	Building & Leasehold Adjustment	USPS	USPS	USPS	USPS	USPS	USPS	USPS	USPS	USPS	USPS	USPS
196	0587	Interest Land / Building Veh & Equip	USPS	USPS	USPS	USPS	USPS	USPS	USPS	USPS	USPS	USPS	USPS
197	0729	Interest Adjustment	USPS	USPS	USPS	USPS	USPS	USPS	USPS	USPS	USPS	USPS	USPS
198	0899	Interest Special Assessments	USPS	USPS	USPS	USPS	USPS	USPS	USPS	USPS	USPS	USPS	USPS
199	1436	Retirement Interest	USPS	USPS	USPS	USPS	USPS	USPS	USPS	USPS	USPS	USPS	USPS
200	0896	Annuity COLA / Interest	USPS	USPS	USPS	USPS	USPS	USPS	USPS	USPS	USPS	USPS	USPS
201	1437	Other Interest	USPS	USPS	USPS	USPS	USPS	USPS	USPS	USPS	USPS	USPS	USPS
202	0239	Domestic Indemnities	USPS	USPS	USPS	USPS	USPS	USPS	USPS	USPS	USPS	USPS	USPS
203	0240	International Indemnities	USPS	USPS	USPS	USPS	USPS	USPS	USPS	USPS	USPS	USPS	USPS
204	0242	Insurance Claim Write-offs	USPS	USPS	USPS	USPS	USPS	USPS	USPS	USPS	USPS	USPS	USPS
205	0245	Other Operating Expenses	USPS	USPS	USPS	USPS	USPS	USPS	USPS	USPS	USPS	USPS	USPS
206	0249	Reimbursements & Miscellaneous	USPS	USPS	USPS	USPS	USPS	USPS	USPS	USPS	USPS	USPS	USPS

Roll Forward Effects Lists Input Comparison, USPS, R2001-1 vs. R2005-1

Row Seq.	Com- ponent Number	USPS Component Title	Cost Level USPS R2001	Cost Level USPS R2005	Mail Volume USPS R2001	Mail Volume USPS R2005	Distribu- tion Key USPS R2001	Distribu- tion Key USPS R2005	Non- Volume Workload USPS R2001	Non- Volume Workload USPS R2005	Additional Workday USPS R2001	Additional Workday USPS R2005
		<i>Distribution Keys</i>										
		<i>Space and Rental Value Keys (R2005)</i>										
207	0901	Delivery Box & Carrier Sequence BCS			na	V						
208	0902	Mail Processing Barcode Sorters (MPBCS)			na	V						
209	0903	OCRS (Including Bcs On OCRS)			na	V						
210	0904	FSM 881, SPFSM, Other			na	V						
211	0905	FSM 1000			na	V						
212	0906	AFSM 100			na	V						
213	0907	LSM, MPLSM, & SPLSM With Bcr			na	V						
214	0908	Mechanical Sort - Sack Outside			na	V						
215	0909	Mechanized Parcels			na	V						
216	0910	SPBS - Non-Priority & Priority			na	V						
217	0911	Manual Flats			na	V						
218	0912	Manual Letters			na	V						
219	0913	Manual Parcels			na	V						
220	0914	Manual Priority			na	V						
221	0915	LDC 15 - RBGS			na	V						
222	0916	Air Contract Data Collection Systems			na	V						
223	0917	Bulk Presort			na	V						
224	0918	Cancellation & Mail Preparation - Metered			na	V						
225	0919	Manual Sort - Sack Outside			na	V						
226	0920	Opening Unit - Preferred Mail			na	V						
227	0921	Opening Unit - Bbm			na	V						
228	0922	Platform			na	V						
229	0923	Pouching Operations			na	V						
230	0924	Business Reply / Postage Due			na	V						
231	0925	Damaged Parcel Rewrap			na	V						
232	0926	Empty Equipment			na	V						
233	0927	Priority Mail Processing Centers			na	V						
234	0928	Express Mail			na	V						
235	0929	Mail Processing Support / Misc Activity			na	V						
236	0930	Registry			na	V						
237	0931	International / ISC'S			na	V						
238	0938	LDC 49 - Computerized Forwarding System			na	V						
239	0939	LDC 79 - Mailing Regs & Bus Mail Entry			na	V						
240	0940	BMC - Platform			na	V						
241	0941	BMC - Allied Labor & Other Mail Processing			na	V						
242	0942	BMC - Parcel Sorting Machine			na	V						
243	0943	BMC - Sack Sorting Machine			na	V						
244	0944	BMC - Spbs & Irregular Parcels (pp & 115)			na	V						
245	0945	BMC - Non-Machinable Outside (Nmo)			na	V						
246	0946	Non-Mods - Allied			na	V						
247	0947	Non-Mods - Automated / Mechanized			na	V						
248	0948	Non-Mods - Express Mail			na	V						
249	0949	Non-Mods - Manual Flat			na	V						
250	0950	Non-Mods - Manual Letter			na	V						
251	0951	Non-Mods - Manual Parcel			na	V						
252	0953	Non-Mods - Miscellaneous			na	V						

Row Seq.	Com- ponent Number	USPS Component Title	Cost Level USPS R2001	Cost Level USPS R2005	Mail Volume USPS R2001	Mail Volume USPS R2005	Distribu- tion Key USPS R2001	Distribu- tion Key USPS R2005	Non- Volume Workload USPS R2001	Non- Volume Workload USPS R2005	Additional Workday USPS R2001	Additional Workday USPS R2005
253	0960	DDU Accountables Cage			na	V						
254	0971	Mechanized Tray Sorter			na	V						
255	0972	Scan Where You Band (SWYB)			na	V						
256	0973	Dispatch Unit			na	V						
257	0974	Fiat Mail Preparation			na	V						
		<u>Equipment-Related Keys (R2005)</u>										
258	0975	Computer Forwarding System			na	V						
259	0976	OCR			na	V						
260	0977	Mail Processing BCS			na	V						
261	0979	Carrier Sequence BCS			na	V						
262	0978	Delivery BCS			na	V						
263	0980	LSM			na	V						
264	0981	FSM			na	V						
265	0982	Parcel Sorting & Nmo Machines			na	V						
266	0983	Facer/Canceler - Letters			na	V						
267	0984	Facer/Canceler - Flats			na	V						
268	0985	Culling			na	V						
269	0986	Sack Sorting Machine			na	V						
270	0987	Small Parcel & Bundle Sorter			na	V						
271	0988	Remote Barcode System			na	V						
272	0989	Air Dispatch			na	V						
273	0990	Stripping			na	V						
274	0992	General And Logistical - BMC			na	V						
275	0993	General And Logistical - Non-BMC			na	V						
276	0991	Powered Transport Equipment			na	V						
		<u>Sages and Rental Value Keys (R2001)</u>										
277	0902	Self Center Postal Centers			V	na						
278	0903	Post Office Boxes			V	na						
279	0904	Priority Mail			V	na						
280	0905	Express Mail			V	na						
281	0906	Mailgrams			V	na						
282	0907	Computer Forwarding Systems			V	na						
283	0908	Bulk Mail Acceptance Unit			V	na						
284	0909	Registry			V	na						
285	0911	Other Accountables			V	na						
286	0912	Other Non-Accountables			V	na						
287	0913	OCR Pref			V	na						
288	0914	Mail Proc Bcs			V	na						
289	0915	Delivery BCS			V	na						
290	0916	LSM			V	na						
291	0917	FSM			V	na						
292	0918	Parcel Sorting & NMO Machines			V	na						
293	0919	Facer/Canceler Letters			V	na						
294	0920	Facer/Canceler Flats			V	na						
295	0921	Culling			V	na						
296	0922	Sack Sorting Machine			V	na						
297	0923	Sdmail Parcel & Bundle Sorter			V	na						
298	0924	Remote Barcode System			V	na						
299	0925	Multiside			V	na						

[illegible]

NOTES.

- NOTES
1. All components named Delivery Activities in the R2005 are named Elemental Load in R2001
 2. All components named Network Travel in R2005 are named Route in R2001
 3. Indicates 0 cost in this component; i.e., as application of effect is meaningless
 4. USPS version will contain only institutional costs (199) in this component
 5. PRC version may contain product specific costs in this component
 6. Distribution key definition corrected to match CRA definition

KEY:

X	Component gets this effect
V	Mail Volume effect
M	Volume Mix effect
I	Indirect (piggyback) effect
IM	Indirect mix effect
A	Effect given, applies to all classes
199	Effect given, applies to class 199 (institutional costs only)

USPS-T-10

Appendix C

Roll Forward Effects Lists Input Comparison

PRC

R2001-1 vs. R2005-1

Roll Forward Effects Lists Input Comparison, PRC, R2001-1 vs. R2005-1

R2005-1

Row Seq.	Component Number	Component Title	Cost Level PRC R2001	Cost Level PRC R2005	Mail Volume PRC R2001	Mail Volume PRC R2005	Distribution Key PRC R2001	Distribution Key PRC R2005	Non-Volume Workload PRC R2001	Non-Volume Workload PRC R2005	Additional Workday PRC R2001	Additional Workday PRC R2005
1	0001	C/S 1 Postmasters	X	X	V	V			A	A	199	199
2	0002	Postmasters EAS 23 & Below	X	X								
3	0004	C/S 2 Supervisors & Technicians										
4	0007	Supervision of Mail Processing & Window	X	X	I	I	0035	0035	I	I	I	I
5	0009	Superv - Mail Processing	X	X	I	I	0040	0040	I	I	I	I
6	0013	Superv - Window Service	X	X	I	I	0525	0525	I	I	I	I
7	0014	Superv - Time & Attend and Admin Support	X	X	I	I	0525	0525	I	I	I	I
8	0017	Superv - City Delivery Carriers	X	X	I	I	0043	0043	I	I	I	I
9	0018	Superv - City Deliv - Office	X	X	I	I	0046	0046	I	I	I	I
10	0015	Superv - City Deliv - Elem Load	X	X	I	I	0522	0522	I	I	I	I
11	0016	Superv - City Deliv - Other Support	X	X	I	I	0054	0054	I	I	I	I
12	0018	Superv - City Deliv - Route	X	X	I	I	0692	0692	I	I	I	I
13	0015	Superv - City Deliv - Other Load (PRC)	X	X	I	I	0048	0048	I	I	I	I
14	0016	Superv - City Deliv - Access (PRC)	X	X	I	I	0683	0683	I	I	I	I
15	0026	Superv - Expedited Delivery	X	X	I	I	0059	0059	I	I	I	I
16	0029	Other Supervisors & Technicians	X	X	I	I	0525	0525	I	I	I	I
17	0030	Employee & Labor Relations Techs	X	X	I	I	0525	0525	I	I	I	I
18	0031	Higher Level Supervisors	X	X	I	I	0035	0035	I	I	I	I
19	0032	General Supv of Mail Processing	X	X	I	I	0523	0523	I	I	I	I
20	0033	General Supv of Collection & Deliv	X	X	I	I	0470	0602	I	I	I	I
21	0601	Supv - Training	X	X	I	I	0072	0072	I	I	I	I
22	0674	Supv - Rural Delivery Carriers	X	X	I	I	0057	0057	I	I	I	I
23	0675	Supv - Vehicle Service	X	X	I	I	0423	0295	I	I	I	I
24	0676	Supv - Quality Control/Rev Protect	X	X	I	I	0035	0035	I	I	I	I
25	0677	Supv - Central Mail Mark-up	X	X	I	I	0694	0694	I	I	199	A ²
26	0678	Joint Supv Clerks & Carriers	X	X								
27	0033	Product Specific and Other Supv & Tech Activities	X	X								
28	0035	C/S 3 Clerks & Mailhandlers - CAG A-J										
29	0040	Mail Processing & Window Service	X	X	V	V					199	199
30	0040	Window Service	X	X	V	V					199	199
31	0066	Administrative Support & Miscellaneous	X	X	V	V				A	A	199
32	0421	Claims & Inquiry	X	X	V	V						199
33	0421	Data Collection	X	X	V	V						
34	0422	General Office & Clerical	X	X	V	V						
35	0423	Quality Control	X	X	V	V				0294		
36	0467	Training - Schemes	X	X	V	V				0295		
37	0468	Training - Mail Processing, Non-Parcels	X	X	V	V				0466		
38	0469	Training - Mail Processing, Parcels	X	X	V	V						
39	0470	Training - Other	X	X	V	V				0473		
40	0041	Other Clerk & Mailhandler Activities	X	X	V	V					199	199
41	0227	Product Specific Admin	X	X	I	I					A	A
42	0228	Time & Attend and Admin Support	X	X	I	I						
43	0059	Expedited Delivery	X	X	V	V					199	na

Row Seq.	Com- ponent Number	PRC Component Title	Cost Level PRC R2001	Cost Level PRC R2005	Mail Volume PRC R2001	Mail Volume PRC R2005	Distribu- tion Key PRC R2001	Distribu- tion Key PRC R2005	Non- Volume Workload PRC R2001	Non- Volume Workload PRC R2005	Additional Workday PRC R2001	Additional Workday PRC R2005
39	0042	C/S 4 Clerks - CAG K Offices	X	X	V	V					199	199
40	0043	C/S 6 City Delivery Carriers - Office	X	X	V	V					199	199
41	0044	In-Office Direct Labor	X	X	I	I	0043	0043	I	I	I	I
42	0045	In-Office Support Overhead	X	X	I	I		0606	I	I	199	I
43	0604	Carriers CAG K Offices (USPS Only)	na	na	na	na		na	na	na	na	na
44	0047	C/S 7 City Delivery Carriers - Street	X	X					A	199		
45	0048	Other Load (PRC)	X	X	M	M			A	A	199	199
46	0049	Access (PRC)	X	X	I	I	0043	0043	I	I	I	I
47	0683	St Support - Office (PRC)	X	X	M	M			A	A		
48	0610	SCS Access (PRC)	X	X	M	M			A	A		
49	0051	SCS Load (PRC)	X	X	I	I	0047	0047	I	I	I	I
50	0052	St Support - Access (PRC)	X	X	I	I	0048	0048	I	I	I	I
51	0638	St Support - SCS Access (PRC)	X	X	I	I	0683	0683	I	I	I	I
52	0684	St Support - SCS Load (PRC)	X	X	I	I	0610	0610	I	I	I	I
53	0046	Elemental Load (PRC)	X	X	V	V			I	I	199	199
54	0050	St Support - Elem Load (PRC)	X	X	I	I	0046	0046	I	I	I	I
55	0053	St Support - Route (PRC)	X	X	I	I	0054	0054	I	I	I	I
56	0054	Route (PRC)	X	X	V	V			A	A	199	199
57	0057	C/S 8 Vehicle Service Drivers	X	X	V	V					199	199
58	0069	C/S 10 Rural Carriers	X	X	V	V			199	199	199	199
59	0070	Evaluated Routes	X	X	V	V			199	199	199	199
60	0073	Other Routes	X	X	V	V			199	199	199	199
61	0074	Equipment Maintenance Allowance										
62	0075	C/S 11 Custodial & Maintenance										
63	0079	Cleaning & Protection										
64	0081	Custodial Personnel	X	X					A	199	199	199
65	0082	Equipment & Building Personnel	X	X								
66	0079	Operating Equipment Maintenance	X	X	V	V					199	199
67	0079	Plant & Building Equipment Maintenance	X	X					A	199	199	199
68	0081	Contract Cleaners	X	X								
69	0081	Contract Cleaners	X	X					A	199	199	199
70	0084	C/S 12 Motor Vehicle Service										
71	0085	MVS Personnel	X	X								
72	0085	MVS Pers - City Deliv - Other Load (PRC)	X	X	I	I	0692	0692	I	I	I	I
73	0085	MVS Pers - City Deliv - Access (PRC)	X	X	I	I	0048	0048	I	I	I	I
74	0085	MVS Pers - City Deliv - SCS Access (PRC)	X	X	I	I	0683	0683	I	I	I	I
75	0085	MVS Pers - City Deliv - Office	X	X	I	I	0043	0043	I	I	I	I
76	0085	MVS Pers - City Deliv - Elem Load	X	X	I	I	0046	0046	I	I	I	I
77	0085	MVS Pers - City Deliv - Route	X	X	I	I	0054	0054	I	I	I	I
78	0085	MVS Pers - City Deliv - Spec Pump Rtes	X	X	V	V					199	199
79	0085	MVS Personnel - Expedited Delivery	X	na	I	na	0059	na	I	na	I	na
80	0085	MVS Pers - Vehicle Service Drivers	X	X	I	I	0057	0057	I	I	I	I
81	0085	MVS Pers - Rural Delivery	X	X			0072	0072	I	I	I	I
82	0085	MVS Pers - Other	X	X							199	199

Roll Forward Effects Lists Input Comparison, PRC, R2001-1 vs. R2005-1

R2005-1

Row Seq.	Com- ponent Number	PRC Component Title	Cost Level PRC R2001	Cost Level PRC R2005	Mail Volume PRC R2001	Mail Volume PRC R2005	Distribu- tion Key PRC R2001	Distribu- tion Key PRC R2005	Non- Volume Workload PRC R2001	Non- Volume Workload PRC R2005	Additional Workday PRC R2001	Additional Workday PRC R2005
76	0093	MVS Supp & Mat - City Deliv - Other Load (PRC)	X	X	I	I	0692	0692	I	I	I	I
77	0094	MVS Supp & Mat - City Deliv - Access (PRC)	X	X	I	I	0048	0048	I	I	I	I
78	0686	MVS Supp & Mat - City Deliv - SCS Access (PRC)	X	X	I	I	0683	0683	I	I	I	I
79	0091	MVS Supp & Mat - City Deliv - Office	X	X	I	I	0043	0606	I	I	I	I
80	0092	MVS Supp & Mat - City Deliv - Elem Load	X	X	I	I	0046	0046	I	I	I	I
81	0095	MVS Supp & Mat - City Deliv - Route	X	X	I	I	0054	0054	I	I	I	I
82	0549	MVS Supp & Mat - City Deliv - Spec Purp Rtas	X	X	V	V	na	na	I	na	I	199
83	0097	MVS Supplies & Materials - Expedited Delivery	X	na	I	I	0059	na	I	I	I	na
84	0550	MVS Supp & Mat - Vehicle Service Drivers	X	X	I	I	0057	0057	I	I	I	I
85	0556	MVS Supp & Mat - Rural Delivery	X	X	I	I	0072	0072	I	I	I	I
86	0098	MVS Supp & Mat - Other	X	X	I	I			I	I	199	199
87	0102	Vehicle Hire	X	X	I	I			I	I	I	I
88	0103	Veh Hire - City Deliv - Other Load (PRC)	X	X	I	I	0692	0692	I	I	I	I
89	0687	Veh Hire - City Deliv - Access (PRC)	X	X	I	I	0048	0048	I	I	I	I
90	0100	Veh Hire - City Deliv - SCS Access (PRC)	X	X	I	I	0683	0683	I	I	I	I
91	0101	Veh Hire - City Deliv - Office	X	X	I	I	0043	0606	I	I	I	I
92	0104	Veh Hire - City Deliv - Elem Load	X	X	I	I	0046	0046	I	I	I	I
93	0106	MVS Vehicle Hire - Expedited Delivery	X	X	I	I	0054	0054	I	I	199	I
94	0568	Veh Hire - Vehicle Service Drivers	X	X	I	I	0059	na	I	na	I	na
95	0107	Veh Hire - Other	X	X	I	I	0057	0057	I	I	199	199
96	0110	Salaries, Fringe Benefits & Travel	X	X								
97	0111	Mail Equipment Shops Personnel	X	X					A	199		199
98	0112	Contract Stations	X	X					A	199		
99	0114	CAG L Rental Allowance	X	X								199
100	0113	Facilities & Purchasing Field Units Pers	X	X								199
101	0115	Tolls and Feniage	X	X								
102	0117	Employee Awards	X	X								
103	0125	Mail Equipment Shops	X	X								199
104	0129	Freight on Materials & Supplies	X	X							199	199
105	0130	Federal Reserve & Commercial Banks	X	X								
106	0131	Federal Reserve & Commercial Banks	X	X								
107	0134	Carfare	X	X								
108	0138	Carfare - City Deliv - Other Load (PRC)	X	X	I	I	0692	0692	I	I	I	I
109	0688	Carfare - City Deliv - Access (PRC)	X	X	I	I	0048	0048	I	I	I	I
110	0127	Carfare - City Deliv - SCS Access (PRC)	X	X	I	I	0683	0683	I	I	I	I
111	0128	Carfare - City Deliv - Office	X	X	I	I	0043	0606	I	I	I	I
112	0131	Carfare - City Deliv - Elem Load	X	X	I	I	0046	0046	I	I	I	I
113	0133	Carfare - City Deliv - Route	X	X	I	I	0054	0054	I	I	I	I
114	0134	Carfare - Expedited Delivery	X	na	I	I	0059	na	I	na	I	na
115	0138	Carfare - Other	X	X	I	I			I	I	199	199
116	0139	Driveout - City Delivery	X	X	I	I			I	I	I	I
117	0138	Driveout - City Deliv - Other Load (PRC)	X	X	I	I	0692	0692	I	I	199	I
118	0139	Driveout - City Deliv - Access (PRC)	X	X	I	I	0048	0048	I	I	199	I
119	0689	Driveout - City Deliv - SCS Access (PRC)	X	X	I	I	0683	0683	I	I	I	I
120	0136	Driveout - City Deliv - Office	X	X	I	I	0043	0606	I	I	199	I
121	0137	Driveout - City Deliv - Elem Load	X	X	I	I	0046	0046	I	I	199	I
122	0140	Driveout - City Deliv - Route	X	X	I	I	0054	0054	I	I	199	I

Row Seq.	Component Number	PRC Component Title	Cost Level PRC R2001	Cost Level PRC R2005	Mail Volume PRC R2001	Mail Volume PRC R2005	Distribution Key PRC R2001	Distribution Key PRC R2005	Non-Volume Workload PRC R2001	Non-Volume Workload PRC R2005	Additional Workday PRC R2001	Additional Workday PRC R2005
		<i>C/S 18 Administration & Servicewide</i>										
152	0191	Headquarters	X	X								A
153	0192	Money Order Division	X	X						199		A
154	0193	Area Administration	X	X								199
155	0194	USPS Security Force	X	X						199		199
156	0195	Inspection Service Field Support	X	X								199
		<i>Servicewide Personnel Costs</i>										
157	0199	Replicated Annual Leave			IM	IM ²	0003	0526	IM	IM	IM	IM
158	0200	Holiday Leave Variance			IM	IM ³	0003	0526	IM	IM	IM	IM
159	0201	CS Retirement Fund Deficit Current (R2001) / CS Retirement Supplemental Liability (1) (R2005)					0003		IM		IM	
160	0202	CS Retirement Fund Deficit Prior (R2001) / CS Retirement Supplemental Liability (2) (R2005)										
161	0064	FERS Retirement Fund Deficit			IM	IM ³	0003	0526	IM	IM	IM	IM
162	0208	Retiree Health Benefits										
163	0071	Annuity Life Insurance										
164	1435	Annuity COLA / Principal (R2001) / CS Retirement Reform Escrow (FY 2006) (R2005)										
165	0204	Workers' Comp Current Liability			IM	IM	0003	0526	IM	IM	IM	IM
166	0205	Workers' Comp Prior Year										
167	0241	Unemployment Compensation										
168	0541	Workers' Comp PO Dept Liability										
169	0695	OWCP Health Benefits										
		<i>Administration Support</i>										
170	0210	HQ & Area Supplies & Services	X	X								
171	0211	HQ & Area Misc Support	X	X								
172	0212	Inspection Expenses & Employee Losses	X	X								
173	0207	Annuitant Protection Program										
174	0213	Misc Reimbursements for HQ & Area	X	X								
175	0244	Commissions on Non-US Money Orders	X	X								
176	1429	Individual Awards	X	X								
177	1430	Misc Personnel Compensation										
		<i>C/S 19 General Management Systems</i>										
178	0219	Maintenance Technical Support Center	X	X								199
179	0220	Training Contracts Supplies & Services	X	X								
		<i>C/S 20 Other Accrued Expenses</i>										
		<i>City Delivery Vehicle Depreciation</i>										
180	0223	Vehicle Depr - City Deliv - Other Load (PRC)										
181	0224	Vehicle Depr - City Deliv - Access (PRC)										
182	0691	Vehicle Depr - City Deliv - SCS Access (PRC)										
183	0221	Vehicle Depr - City Deliv - Office										
184	0222	Vehicle Depr - City Deliv - Elem Load										
185	0225	Vehicle Depr - City Deliv - Route										

Row Seq.	Com- ponent Number	PRC Component Title	Cost Level PRC R2001	Cost Level PRC R2005	Mail Volume PRC R2001	Mail Volume PRC R2005	Distribu- tion Key PRC R2001	Distribu- tion Key PRC R2005	Non- Volume Workload PRC R2001	Non- Volume Workload PRC R2005	Additional Workday PRC R2001	Additional Workday PRC R2005
		<u>Other Vehicle Depreciation</u>										
186	0229	Vehicle Depreciation - Expedited Delivery										
187	0581	Vehicle Depr - Vehicle Service Drivers										
188	0582	Vehicle Depr - Rural Delivery										
189	0230	Vehicle Depr - Other										
		<u>Equipment Depreciation</u>										
190	0232	Equipment Depreciation										
191	0233	Product Specific Equipment Depreciation										
		<u>Building & Leasehold Depreciation</u>										
192	0236	Depreciation - Building										
193	0237	Depreciation - Leasehold										
194	0247	Product Specific Depreciation - Leasehold										
195	0730	Building & Leasehold Adjustment										
		<u>Interest Expense</u>										
196	0587	Interest Land / Building Veh & Equip										
197	0729	Interest Adjustment										
198	0899	Interest Special Assessments										
199	1436	Retirement Interest										
200	0896	Annuitant COLA / Interest										
201	1437	Other Interest										
		<u>Indemnities & Insurance Claim Write-offs</u>										
202	0239	Domestic Indemnities	X	X	V	V						
203	0240	International Indemnities	X	X	V	V						
204	0242	Insurance Claim Write-offs	X	X								
		<u>Other Operating Expenses</u>										
205	0245	Other Expenses										
206	0249	Reimbursements & Miscellaneous										

Row	Component Number	PRC Component Title	Cost Level	PRC R2001	PRC R2005	Mail Volume	PRC R2001	PRC R2005	Distribution Key	PRC R2001	PRC R2005	Distribution Key	PRC R2001	PRC R2005	Non-Volume Workload	PRC R2001	PRC R2005	Additional Workday	PRC R2001	PRC R2005	Additional Workday	PRC R2001	PRC R2005
207		Space and Rental Value Keys (R2005)																					
208		Delivery Bcs & Carrier Sequence BCS																					
209		Mail Processing Barcode Sorters (MPBCS)																					
210		OCRS (Including Bcs On OCRS)																					
211		FSM 881, SPFSM, Other																					
212		FSM 1000																					
213		AFSM 100																					
214		LSM, MPLSM, & SPLSM With Bar																					
215		Mechanical Sort - Sack Outside																					
216		Mechanized Parcels																					
217		SPBS - Non-Priority & Priority																					
218		Manual Flats																					
219		Manual Letters																					
220		Manual Parcels																					
221		Manual Priority																					
222		LDC 15 -RBCS																					
223		Air Contract Data Collection Systems																					
224		Bulk Presort																					
225		Cancellation & Mail Preparation - Metered																					
226		Manual Sort - Sack Outside																					
227		Opening Unit - Bbm																					
228		Platform																					
229		Pouching Operations																					
230		Business Reply / Postage Due																					
231		Damaged Parcel Rework																					
232		Empty Equipment																					
233		Priority Mail Processing Centers																					
234		Express Mail																					
235		Mail Processing Support / Misc Activity																					
236		Registry																					
237		International / ISCS																					
238		LDC 49 - Computerized Forwarding System																					
239		LDC 79 - Making Bags & Bus Mail Entry																					
240		BMC - Platform																					
241		BMC - Allied Labor & Other Mail Processing																					
242		BMC - Parcel Sorting Machine																					
243		BMC - Sack Sorting Machine																					
244		BMC - Spbs & Irregular Parcels (pp & 115)																					
245		BMC - Non-Machinable Outside (Nmo)																					
246		Non-Mods - Allied																					
247		Non-Mods - Automated / Mechanized																					
248		Non-Mods - Express Mail																					
249		Non-Mods - Manual Flat																					
250		Non-Mods - Manual Letter																					
251		Non-Mods - Manual Parcel																					
252		Non-Mods - Miscellaneous																					

Row Seq.	Component Number	PRC Component Title	Cost Level PRC R2001	Cost Level PRC R2005	Mall Volume PRC R2001	Mall Volume PRC R2005	Distribution Key PRC R2001	Distribution Key PRC R2005	Non-Volume Workload PRC R2001	Non-Volume Workload PRC R2005	Additional Workday PRC R2001	Additional Workday PRC R2005
253	0960	ODU Accountables Cage			na	na						
254	0971	Mechanized Tray Sorter			na	na						
255	0972	Scan Where You Band (SWYB)			na	na						
256	0973	Dispatch Unit			na	na						
257	0974	Flat Mail Preparation			na	na						
		<u>Equipment-Related Keys (R2005)</u>										
258	0975	Computer Forwarding System			na	na						
259	0976	OCR			na	na						
260	0977	Mail Processing BCS			na	na						
261	0979	Carrier Sequence BCS			na	na						
262	0978	Delivery BCS			na	na						
263	0980	LSM			na	na						
264	0981	FSM			na	na						
265	0982	Parcel Sorting & Nmo Machines			na	na						
266	0983	Facer/Canceler - Letters			na	na						
267	0984	Facer/Canceler - Flats			na	na						
268	0985	Culling			na	na						
269	0986	Sack Sorting Machine			na	na						
270	0987	Small Parcel & Bundle Sorter			na	na						
271	0988	Remote Barcode System			na	na						
272	0989	Air Dispatch			na	na						
273	0990	Strapping			na	na						
274	0992	General And Logistical - BMC			na	na						
275	0993	General And Logistical - Non-BMC			na	na						
276	0991	Powered Transport Equipment			na	na						
		<u>Space and Rental Value Keys (R2001)</u>										
277	0902	Self Center Postal Centers			na	na						
278	0903	Post Office Boxes			na	na						
279	0904	Priority Mail			na	na						
280	0905	Express Mail			na	na						
281	0906	Mailgrams			na	na						
282	0907	Computer Forwarding Systems			na	na						
283	0908	Bulk Mail Acceptance Unit			na	na						
284	0909	Registry			na	na						
285	0911	Other Accountables			na	na						
286	0912	Other Non-Accountables			na	na						
287	0913	OCR Pref			na	na						
288	0914	Mail Proc Bcs			na	na						
289	0915	Delivery BCS			na	na						
290	0916	LSM			na	na						
291	0917	FSM			na	na						
292	0918	Parcel Sorting & NMO Machines			na	na						
293	0919	Facer/Canceler Letters			na	na						
294	0920	Facer/Canceler Flats			na	na						
295	0921	Culling			na	na						
296	0922	Sack Sorting Machine			na	na						
297	0923	Small Parcel & Bundle Sorter			na	na						
298	0924	Remote Barcode System			na	na						
299	0925	Multislide			na	na						

Row Seq.	Component Number	PRC Component Title	Cost Level PRC R2001	Cost Level PRC R2005	Mail Volume PRC R2001	Mail Volume PRC R2005	Distribution Key PRC R2001	Distribution Key PRC R2005	Non-Volume Workload PRC R2001	Non-Volume Workload PRC R2005	Additional Workday PRC R2001	Additional Workday PRC R2005
300	0926	ACDCS			V	na						
301	0927	Central Banding Letters			V	na						
302	0928	Central Banding Flats			V	na						
303	0929	Other Equipment			V	na						
304	0930	Sorting to Letter Cases			V	na						
305	0931	Sorting to Flat Cases			V	na						
306	0932	Sorting to Hanging Sacks			V	na						
307	0933	Sorting to Rolling Containers			V	na						
308	0934	Sorting to Pallets			V	na						
309	0935	Other Sorting Operations			V	na						
310	0936	Rewrap			V	na						
311	0937	Postage Due			V	na						
312	0938	Other Manual Operations			V	na						
313	0942	Accountables Cage			V	na						
314	0943	Platform			V	na						
315	0971	Carrier Sequence BCS			V	na						
		<i>Equipment-Related Keys (R2001)</i>										
316	0963	OCR Non-Pref			V	na						
317	0965	Strapping			V	na						
318	0964	Powered Transport Equipment			V	na						
319	0966	BMC General & Logistics			V	na						
320	0967	Non BMC General & Logistics			V	na						
		<i>Mail Processing Training Keys</i>										
321	0968	Mail Processing - Letters/Flats			V	V						
322	0969	Mail Processing - Parcels			V	V						
323	0970	Mail Processing - Other			V	V						
		<i>Other Distribution Keys</i>										
324	0507	GDEI Int'l Volume Adj Key			na	V						
325	0153	Admin Clerks PC Key			V	V						
326	0578	Dist Key: City Carriers Spec Purpose Rte			V	V						
327	1258	Mail Proc Maint Labor Key			na	V						
328	0514	Total Pounds			V	V						
329	0516	Total Cubic Feet			V	V						

NOTES:

1. All components named Delivery Activities in the USPS are named Elemental Load in PRC.
2. All components named Network Travel in USPS are named Route in PRC.
3. ¹ Indicates 0 cost in this component in, so application of effect is meaningless
4. A² USPS version will contain only institutional costs (199) in this component
PRC version may contain product specific costs in this component.
5. ³ Distribution key definition corrected to match CRA definition.

KEY:

X	Component gets this effect
V	Mail Volume effect
M	Volume Mix effect
I	Indirect (piggyback) effect
IM	Indirect mix effect
A	Effect given, applies to all classes
199	Effect given, applies to class 199 (institutional costs) only

USPS-T-10**Appendix D****Roll Forward Effects Lists Input Comparison****USPS vs. PRC****R2005-1**

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Roll Forward Effects Lists Input Comparison, USPS vs. PRC, R2005-1

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Row Seq.	Component Number	Component Title	Cost Level USPS	Cost Level PRC	Mail Volume USPS	Mail Volume PRC	Distribution Key USPS	Distribution Key PRC	Non-Volume Workload USPS	Non-Volume Workload PRC	Additional Workday USPS	Additional Workday PRC
1	0001	C/S 1 Postmasters	X	X	V	V			A	A	199	199
2	0002	Postmasters EAS 23 & Below	X	X								
3	0004	C/S 2 Supervisors & Technicians										
4	0007	Supervision of Mail Processing & Window	X	X								
5	0009	Sup - Mail Processing	X	X								
6	0013	Sup - Window Service	X	X								
7	0014	Sup - Time & Attend and Admin Support	X	X								
8	0017	Sup - Time & Attend and Admin Support	X	X								
9	0018	Sup - City Delivery Carriers	X	X								
10	0015	Sup - City Deliv - Office	X	X								
11	0016	Sup - City Deliv - Delivery Activities	X	X								
12	0017	Sup - City Deliv - Other Support	X	X								
13	0018	Sup - City Deliv - Network Travel	X	X								
14	0015	Sup - City Deliv - Other Load (PRC)	X	X								
15	0016	Sup - City Deliv - Access (PRC)	X	X								
16	0017	Sup - City Deliv - SCS Access (PRC)	X	X								
17	0018	Sup - City Deliv - SCS Access (PRC)	X	X								
18	0019	Other Supervisors & Technicians	X	X								
19	0020	Employee & Labor Relations Techs	X	X								
20	0021	Higher Level Supervisors	X	X								
21	0031	General Supv of Mail Processing	X	X								
22	0032	General Supv of Collection & Deliv	X	X								
23	0033	General Supv - Training	X	X								
24	0034	Sup - Rural Delivery Carriers	X	X								
25	0035	Sup - Vehicle Service	X	X								
26	0036	Sup - Quality Control/Rev Protect	X	X								
27	0037	Sup - Central Mail Mark-up	X	X								
28	0038	Sup - Central Mail Mark-up	X	X								
29	0039	Joint Supv Clerks & Carriers	X	X								
30	0040	Product Specific and Other Supv & Tech Activities	X	X								
31	0041	C/S 3 Clerks & Mailhandlers - CAG A-J										
32	0042	Mail Processing & Window Service										
33	0043	Mail Processing	X	X	V	V					199	199
34	0044	Window Service	X	X	V	V					199	199
35	0045	Administrative Support & Miscellaneous	X	X								
36	0046	Claims & Inquiry	X	X	V	V					199	199
37	0047	Data Collection	X	X	V	V					199	199
38	0048	General Office & Clerical	X	X								
39	0049	Quality Control	X	X								
40	0050	Training - Schemes	X	X								
41	0051	Training - Mail Processing - Non-Parcels	X	X	V	V						
42	0052	Training - Mail Processing - Parcels	X	X	V	V						
43	0053	Training - Other	X	X								
44	0054	Other Clerk & Mailhandler Activities	X	X	V	V					199	199
45	0055	Product Specific Admin	X	X							199	A
46	0056	Time & Attend and Admin Support	X	X								
47	0057	C/S 4 Clerks - CAG K Offices										
48	0058	Clerks CAG K Offices	X	X	V	V					199	199

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Row Seq.	Component Number	USPS Component Title	Cost Level USPS	Cost Level PRC	Mail Volume USPS	Mail Volume PRC	Distribution Key USPS	Distribution Key PRC	Non-Volume Workload USPS	Non-Volume Workload PRC	Additional Workday USPS	Additional Workday PRC
38	0043	C/S 6 City Delivery Carriers - Office	X	X	V	V					199	199
39	0044	In-Office Direct Labor	X	X	I	I	0043	0043	I	I	I	I
40	0045	In-Office Support Overhead	X	X	I	I	0606	0606	I	I	I	I
41	0604	Carriers CAG K Offices	X	na	I	na	0605	na	I	na	I	na
42	0604	In-Office Support Other (USPS Only)	X									
43	0047	C/S 7 City Delivery Carriers - Street	X	X					199	199		
44	0048	Other Load (PRC)	X	X	M	M			A	A	199	199
45	0049	Access (PRC)	X	X	I	I	0043	0043	I	I	I	I
46	0683	SI Support - Office (PRC)	X	X	M	M			A	A		
47	0683	SCS Access (PRC)	X	X	M	M			A	A		
48	0610	SCS Load (PRC)	X	X	I	I	0047	0047	I	I	I	I
49	0051	SI Support - Other Load (PRC)	X	X	I	I	0048	0048	I	I	I	I
50	0052	SI Support - Access (PRC)	X	X	I	I	0683	0683	I	I	I	I
51	0684	SI Support - SCS Access (PRC)	X	X	I	I	0610	0610	I	I	I	I
52	0046	SI Support - SCS Load (PRC)	X	X	I	I			199	199	199	199
53	0050	Delivery Activities (USPS) / Elemental Load (PRC)	X	X	V	V						
54	0050	Delivery Activities Support (USPS) / SI Support Elem Load (PRC)	X	X	I	I	0046	0046	I	I	I	I
55	0053	Network Travel Support (USPS) / SI Support Route (PRC)	X	X	I	I	0054	0054	I	I	I	I
56	0054	Network Travel (USPS) / Route (PRC)	X	X	V	V			199	A	199	199
57	0057	Vehicle Service Drivers	X	X								
58	0057	Vehicle Service Drivers	X	X	V	V					199	199
59	0069	C/S 10 Rural Carriers	X	X	V	V			199	199	199	199
60	0070	Evaluated Routes	X	X	V	V			199	199	199	199
61	0073	Other Routes	X	X	V	V			199	199	199	199
62	0073	Equipment Maintenance Allowance	X	X								
63	0074	Cleaning & Protection	X	X								
64	0074	Custodial Personnel	X	X					199	199	199	199
65	0075	Equipment & Building Personnel	X	X	V	V						
66	0075	Operating Equipment Maintenance	X	X					199	199	199	199
67	0079	Plant & Building Equipment Maintenance	X	X					199	199	199	199
68	0081	Contract Cleaners	X	X					199	199	199	199
69	0081	Contract Cleaners	X	X								
70	0084	C/S 12 Motor Vehicle Service	X	X								
71	0084	MVS Pers - City Deliv - Other Load (PRC)	X	X	I	I	0692	0692	I	I	I	I
72	0085	MVS Pers - City Deliv - Access (PRC)	X	X	I	I	0048	0048	I	I	I	I
73	0085	MVS Pers - City Deliv - SCS Access (PRC)	X	X	I	I	0683	0683	I	I	I	I
74	0082	MVS Pers - City Deliv - Office	X	X	I	I	0606	0606	I	I	I	I
75	0083	MVS Pers - City Deliv - Delivery Activities	X	X	I	I	0046	0046	I	I	I	I
76	0086	MVS Pers - City Deliv - Network Travel	X	X	I	I	0054	0054	I	I	I	I
77	0543	MVS Pers - City Deliv - Spec Purp Rides	X	X	V	V	0057	0057	I	I	199	199
78	0545	MVS Pers - Vehicle Service Drivers	X	X	I	I	0072	0072	I	I	I	I
79	0546	MVS Pers - Rural Delivery	X	X	I	I						
80	0089	MVS Pers - Other	X	X							199	199

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Row Seq.	Com- ponent Number	USPS Component Title	Cost Level USPS	Cost Level PRC	Mail Volume USPS	Mail Volume PRC	Distribu- tion Key USPS	Distribu- tion Key PRC	Non- Volume Workload USPS	Non- Volume Workload PRC	Additional Workday USPS	Additional Workday PRC
MVS Supplies & Materials												
73	0093	MVS Supp & Mat - City Deliv - Other Load (PRC)	X ¹	X	I ¹	I	0692	0692	I ¹	I	I ¹	I
74	0094	MVS Supp & Mat - City Deliv - Access (PRC)	X ¹	X	I ¹	I	0048	0048	I ¹	I	I ¹	I
75	0686	MVS Supp & Mat - City Deliv - SCS Access (PRC)	X ¹	X	I ¹	I	0683	0683	I ¹	I	I ¹	I
76	0091	MVS Supp & Mat - City Deliv - Office	X	X	I	I	0606	0606	I	I	I	I
77	0092	MVS Supp & Mat - City Deliv - Delivery Activities	X	X	I	I	0046	0046	I	I	I	I
78	0095	MVS Supp & Mat - City Deliv - Network Travel	X	X	I	I	0054	0054	I	I	I	I
79	0549	MVS Supp & Mat - City Deliv - Spec Purp Flies	X	X	V	V	0057	0057	I	I	199	199
80	0550	MVS Supp & Mat - Vehicle Service Drivers	X	X	I	I	0072	0072	I	I	I	I
81	0556	MVS Supp & Mat - Rural Delivery	X	X	I	I	0072	0072	I	I	I	I
82	0098	MVS Supp & Mat - Other	X	X							199	199
Vehicle Hire												
83	0102	Veh Hire - City Deliv - Other Load (PRC)	X ¹	X	I ¹	I	0692	0692	I ¹	I	I ¹	I
84	0103	Veh Hire - City Deliv - Access (PRC)	X ¹	X	I ¹	I	0048	0048	I ¹	I	I ¹	I
85	0687	Veh Hire - City Deliv - SCS Access (PRC)	X ¹	X	I ¹	I	0683	0683	I ¹	I	I ¹	I
86	0100	Veh Hire - City Deliv - Office	X	X	I	I	0606	0606	I	I	I	I
87	0101	Veh Hire - City Deliv - Delivery Activities	X	X	I	I	0046	0046	I	I	I	I
88	0104	Veh Hire - City Deliv - Network Travel	X	X	I	I	0054	0054	I	I	I	I
89	0688	Veh Hire - Vehicle Service Drivers	X	X	I	I	0057	0057	I	I	I	I
90	0107	Veh Hire - Other	X	X							199	199
C/S 13 Miscellaneous Operating Expenses												
Salaries, Fringe Benefits & Travel												
91	0110	Mail Equipment Shops Personnel	X	X							199	199
92	0111	Contract Stations	X	X					199	199		
93	0112	CAG L Rental Allowance	X	X					199	199		
94	0114	Facilities & Purchasing Field Units Pers	X	X							199	199
95	0113	Tolls and Fringe	X	X							199	199
96	0115	Employee Awards	X	X								
Mail Equipment Shops												
97	0117	Freight on Materials & Supplies	X	X							199	199
Federal Reserve & Commercial Banks												
98	0125	Federal Reserve & Commercial Banks	X	X								
Carfare												
99	0129	Carfare - City Deliv - Other Load (PRC)	X ¹	X	I ¹	I	0692	0692	I ¹	I	I ¹	I
100	0130	Carfare - City Deliv - Access (PRC)	X ¹	X	I ¹	I	0048	0048	I ¹	I	I ¹	I
101	0689	Carfare - City Deliv - SCS Access (PRC)	X ¹	X	I ¹	I	0683	0683	I ¹	I	I ¹	I
102	0127	Carfare - City Deliv - Office	X	X	I	I	0606	0606	I	I	I	I
103	0128	Carfare - City Deliv - Delivery Activities	X	X	I	I	0046	0046	I	I	I	I
104	0131	Carfare - City Deliv - Network Travel	X	X	I	I	0054	0054	I	I	I	I
105	0134	Carfare - Other	X	X							199	199
Driveout - City Delivery												
106	0138	Driveout - City Deliv - Other Load (PRC)	X ¹	X	I ¹	I	0692	0692	I ¹	I	I ¹	I
107	0139	Driveout - City Deliv - Access (PRC)	X ¹	X	I ¹	I	0048	0048	I ¹	I	I ¹	I
108	0689	Driveout - City Deliv - SCS Access (PRC)	X ¹	X	I ¹	I	0683	0683	I ¹	I	I ¹	I
109	0136	Driveout - City Deliv - Office	X	X	I	I	0606	0606	I	I	I	I
110	0137	Driveout - City Deliv - Delivery Activities	X	X	I	I	0046	0046	I	I	I	I
111	0140	Driveout - City Deliv - Network Travel	X	X	I	I	0054	0054	I	I	I	I

Row Seq.	Com- ponent Number	USPS Component Title	Cost Level USPS	Cost Level PRC	Mail Volume USPS	Mail Volume PRC	Distribu- tion Key USPS	Distribu- tion Key PRC	Non- Volume Workload USPS	Non- Volume Workload PRC	Additional Workday USPS	Additional Workday PRC
112	0142	C/S 14 Transportation Domestic Air	X	X	V	V					199	199
113	0681	Domestic Alaska Air	X	X	V	V					199	199
114	0143	Highway	X	X	V	V					199	199
115	0144	Railroad	X	X	V	V					199	199
116	0145	Domestic Water	X	X	V	V					199	199
117	0146	International	X	X	V	V						
118	1438	Settlement Transactions (SDRs)										
119		C/S 15 Building Occupancy Costs										
120	0165	Rents	X	X					199	199		
121	0234	Product Specific Rents	X	X					199	A		
122	0166	Fuel & Utilities										
123	0167	Fuel	X	X					199	199	199	199
124	0168	Utilities	X	X					199	199	199	199
125	0169	Communications	X	X							199	A ²
126	0169	Building Projects Expensed	X	X								
127	0170	Moving Expense	X	X								
128	0171	Reimburse for Bldg Costs Oth Than Rent	X	X								
129		C/S 16 Supplies & Services										
130	0173	Supply Personnel	X	X							199	199
131	0174	ADP Supplies & Services	X	X								
132	0175	Repair & Maint of Equip Except ADP & Vehicles	X	X								
133	0176	Custodial Supplies & Services	X	X					199	199	199	199
134	0179	Printing & Reproduction	X	X								
135	0180	Stamps & Dispensars	X	X	V	V						
136	0181	Money Orders	X	X	V	V						
137	0248	Stamped Cards & Embossed Stamped Envelopes	X	X								
138	0182	Inventory Adjustment										
139	0184	Postal Supplies & Services	X	X	V	V					199	199
140	0187	Expedited Mail Supplies & Services										
141	0196	Tracking & Tracing	X	X								
142	1426	Remote Encoding Supplies & Services	X	X								
143	0177	Misc Postal Supplies & Services	X	X								
144	0197	Product Specific Supplies & Services	X	X								
145	0189	Reimbursements for Supplies & Services	X	X								
146	0246	Advertising										
147		C/S 17 Research & Development										
148	0190	Research & Development										

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Row Seq.	Com- ponent Number	USPS Component Title	Cost Level USPS	Cost Level PRC	Mail Volume USPS	Mail Volume PRC	Distribu- tion Key USPS	Distribu- tion Key PRC	Non- Volume Workload USPS	Non- Volume Workload PRC	Additional Workday USPS	Additional Workday PRC
		C/S 18 Administration & Servicewide										
146	0191	Headquarters	X	X							199	A ²
147	0192	Money Order Division	X	X							199	A ²
148	0193	Area Administration	X	X							199	199
149	0194	USPS Security Force	X	X					199	199	199	199
150	0195	Inspection Service Field Support	X	X							199	199
		Servicewide Personnel Costs										
151	0199	Replaced Annual Leave			IM ³	IM ³	0526	0526	IM	IM	IM	IM
152	0200	Holiday Leave Variance			IM ³	IM ³	0526	0526	IM	IM	IM	IM
153	0201	CS Retirement Supplemental Liability (1)										
154	0202	CS Retirement Supplemental Liability (2)										
155	0064	FERS Retirement Fund Deficit										
156	0208	Retiree Health Benefits										
157	0071	Annuitant Life Insurance										
158	1435	CS Retirement Reform Escrow (FY 2006)										
159	0204	Workers' Comp Current Liability			IM ³	IM ³	0526	0526	IM	IM	IM	IM
160	0205	Workers' Comp Prior Year										
161	0241	Unemployment Compensation										
162	0541	Workers' Comp PO Dept Liability										
163	0895	OWCP Health Benefits										
		Administration Support										
164	0210	HQ & Area Supplies & Services	X	X								
165	0211	HQ & Area Misc Support	X	X								
166	0212	Inspection Expenses & Employee Losses	X	X								
167	0207	Annuity Protection Program										
168	0213	Misc Reimbursements for HQ & Area	X	X								
169	0244	Commissions on Non-US Money Orders	X	X								
170	1429	Individual Awards	X	X								
171	1430	Misc Personnel Compensation	X	X								
		C/S 19 General Management Systems										
172	0219	Maintenance Technical Support Center	X	X							199	199
173	0220	Training Contracts Supplies & Services	X	X								
		C/S 20 Other Accrued Expenses										
		City Delivery Vehicle Depreciation										
174	0223	Vehicle Depr - City Deliv - Other Load (PRC)										
175	0224	Vehicle Depr - City Deliv - Access (PRC)										
176	0691	Vehicle Depr - City Deliv - SCS Access (PRC)										
177	0221	Vehicle Depr - City Deliv - Office										
178	0222	Vehicle Depr - City Deliv - Delivery Activities										
179	0225	Vehicle Depr - City Deliv - Network Travel										
		Other Vehicle Depreciation										
180	0581	Vehicle Depr - Vehicle Service Drivers										
181	0582	Vehicle Depr - Rural Delivery										
182	0230	Vehicle Depr - Other										

Row Seq.	Com- ponent Number	USPS Component Title	Cost Level USPS	Cost Level PRC	Mail Volume USPS	Mail Volume PRC	Distribu- tion Key USPS	Distribu- tion Key PRC	Non- Volume Workload USPS	Non- Volume Workload PRC	Additional Workday USPS	Additional Workday PRC
		<u>Equipment Depreciation</u>										
183	0232	Equipment Depreciation										
184	0233	Product Specific Equipment Depreciation										
		<u>Building & Leasehold Depreciation</u>										
185	0236	Depreciation - Building										
186	0237	Depreciation - Leasehold										
187	0247	Product Specific Depreciation - Leasehold										
188	0730	Building & Leasehold Adjustment										
		<u>Interest Expense</u>										
189	0587	Interest Land / Building Veh & Equip										
190	0729	Interest Adjustment										
191	0899	Interest Special Assessments										
192	1436	Retirement Interest										
193	0896	Annuitant COLA / Interest										
194	1437	Other Interest										
		<u>Indemnities & Insurance Claim Write-offs</u>										
195	0239	Domestic Indemnities	X	X	V	V						
196	0240	International Indemnities	X	X	V	V						
197	0242	Insurance Claim Write-offs	X	X								
		<u>Other Operating Expenses</u>										
198	0245	Other Expenses										
199	0249	Reimbursements & Miscellaneous										

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Row Seq.	Component Number	USPS Component Title	Cost Level USPS	Cost Level PRC	Mail Volume USPS	Mail Volume PRC	Distribution Key USPS	Distribution Key PRC	Non-Volume Workload USPS	Non-Volume Workload PRC	Additional Workday USPS	Additional Workday PRC
		<i>Distribution Keys</i>										
200	0901	Delivery BCS: Center Sequence BCS										
201	0902	Mail Processing BCS			V	V						
202	0903	OCRs (including BCS on OCRs)			V	V						
203	0904	FSM 881, SPFSM, Other			V	V						
204	0905	FSM 1000			V	V						
205	0906	AFMS 100			V	V						
206	0907	LSM, MPLSM & SPLSM with BCR			V	V						
207	0908	Mechanical Sort - Sack Outside			V	V						
208	0909	Mechanical Parcels			V	V						
209	0910	SPBS - Non-Priority & Priority			V	V						
210	0911	Manual Flats			V	V						
211	0912	Manual Letters			V	V						
212	0913	Manual Parcels			V	V						
213	0914	Manual Priority			V	V						
214	0915	LDC 15 - RBGS			V	V						
215	0916	Air Contract Data Collection Systems / Scan Where You Band			V	V						
216	0917	Bulk Presort			V	V						
217	0918	Cancellation & Mail Preparation - Metered			V	V						
218	0919	Manual Sort - Sack Outside			V	V						
219	0920	Opening Unit - Preferred Mail			V	V						
220	0921	Opening Unit - BBM			V	V						
221	0922	Platform			V	V						
222	0923	Pouching Operations			V	V						
223	0924	Business Reply / Postage Due			V	V						
224	0925	Damaged Parcel Rerap			V	V						
225	0926	Empty Equipment			V	V						
226	0927	Priority Mail Processing Centers			V	V						
227	0928	Express Mail			V	V						
228	0929	Mail Processing Support/Miscellaneous Activity			V	V						
229	0930	Registry			V	V						
230	0931	International / ISCs			V	V						
231	0932	LDC 41 - Unit Distribution - Automated			V	V						
232	0933	LDC 42 - Unit Distribution - Mechanized			V	V						
233	0934	LDC 43 - Unit Distrib. Manual / LDC 44 - PO Box Distrib			V	V						
234	0935	LDC 48 - Customer Service / Express			V	V						
235	0936	LDC 48 - Customer Service / Admin. & Other			V	V						
236	0937	LDC 48 - Customer Service / Special Services			V	V						
237	0938	LDC 49 - Computerized Forwarding System			V	V						
238	0939	LDC 79 - Mailing Reqs. & Bus. Mail Entry			V	V						
239	0940	BMC - Platform			V	V						
240	0941	BMC - Allied Labor & All Other Mail Processing			V	V						
241	0942	BMC - Parcel Sorting Machine			V	V						
242	0943	BMC - Sack Sorting Machine			V	V						
243	0944	BMC - SPBS & Irregular Parcels (IPP & 115)			V	V						
244	0945	BMC - Non-Mechanizable Outside (NMO)			V	V						

D-7

Row Seq.	Com- ponent Number	USPS Component Title	Cost Level USPS	Cost Level PRC	Mail Volume USPS	Mail Volume PRC	Distribu- tion Key USPS	Distribu- tion Key PRC	Non- Volume Workload USPS	Non- Volume Workload PRC	Additional Workday USPS	Additional Workday PRC
245	0946	Non-MODS - Allied			V	V						
246	0947	Non-MODS - Automated/Mechanized			V	V						
247	0948	Non-MODS - Express Mail			V	V						
248	0949	Non-MODS - Manual Flat			V	V						
249	0950	Non-MODS - Manual Letter			V	V						
250	0951	Non-MODS - Manual Parcel			V	V						
251	0952	Non-MODS - Registry			V	V						
252	0953	Non-MODS - Miscellaneous			V	V						
253	0954	Window Service			V	V						
254	0955	Self-Service Postal Center			V	V						
255	0956	Post Office Boxes / Caller Service			V	V						
256	0957	Claims & Inquiry			V	V						
257	0958	City Carrier			V	V						
258	0959	Rural Carrier			V	V						
259	0960	DDU Accountables Cage			V	V						
260	0961	Office Space			V	V						
261	0962	Mail Processing Equipment Maintenance			V	V						
262	0963	Other Equipment Maintenance			V	V						
263	0964	Employee Facilities			V	V						
264	0965	VMF			V	V						
265	0966	CVS			V	V						
266	0967	Vacant & Tenant			V	V						
267	0968	HQ, HQ-Field Related, and Area Offices			V	V						
268	0969	Mail Transportation Equipment Centers			V	V						
269	0970	Storage Facilities			V	V						
270	0971	Mechanized Tray Sorter			V	V						
271	0972	Scan Where You Band (SWYB) - previously			V	V						
272	0973	Dispatch Unit			V	V						
273	0974	Flat Mail Preparation			V	V						
		<u>Equipment-Related Keys</u>										
274	0975	Computer Forwarding System / CFS Flats (TY)			V	V						
275	0976	OCR			V	V						
276	0977	Mail Processing BCS			V	V						
277	0978	Delivery BCS			V	V						
278	0979	Carrier Sequence BCS			V	V						
279	0980	LSM / CFS Letters (TY)			V	V						
280	0981	FSM			V	V						
281	0982	Parcel Sorting & NMO Machines			V	V						
282	0983	Facer/Canceler - Letters			V	V						
283	0984	Facer/Canceler - Flats			V	V						
284	0985	Culling			V	V						
285	0986	Sack Sorting Machine			V	V						
286	0987	Small Parcel & Bundle Sorter			V	V						
287	0988	Remote Barcode System			V	V						
288	0989	ACDCS			V	V						
289	0990	Strapping			V	V						
290	0991	Powered Transport Equipment			V	V						
291	0992	General & Logistics - BMC			V	V						
292	0993	General & Logistics - Non-BMC			V	V						

Row Seq.	Com- ponent Number	USPS Component Title	Cost Level USPS	Cost Level PRC	Mail Volume USPS	Mail Volume PRC	Distribu- tion Key USPS	Distribu- tion Key PRC	Non- Volume Workload USPS	Non- Volume Workload PRC	Additional Workday USPS	Additional Workday PRC
		<u>Mail Processing Training Keys</u>										
293	0996	Other Dist. Key—Mail Processing Letters/Flats			V	V						
294	0997	Other Dist. Key—Mail Processing Parcels			V	V						
295	0998	Other Dist. Key—Mail Processing Other			V	V						
		<u>Other Distribution Keys</u>										
296	0507	GDEI Intl Volume Adj Key			V	V						
297	0153	Admin Clerks PC Key			V	V						
298	0578	Dist Key: City Carriers Spec. Purpose Rte			V	V						
299	1256	Mail Proc Maint Labor Key			V	V						
300	0514	Total Pounds			V	V						
301	0516	Total Cubic Feet			V	V						
		<u>Rollforward-Only Keys</u>										
302	1418	not used			V	V						
303	1419	not used			V	V						
304	1420	not used			V	V						
305	1439	not used			V	V						
306	1440	Delivery BCS: Carrier Sequence BCS			V	V						
307	1441	OCRs (including BCS on OCRs)			V	V						
308	1442	AFMS 100			V	V						
309	1443	SPBS - Non-Priority & Priority			V	V						
310	1444	LDC 15 - RBCS			V	V						
311	1445	Cancellation & Mail Preparation - Metered			V	V						
312	1446	International / ISCs			V	V						
313	1447	LDC 79 - Mailing Reqs. & Bus. Mail Entry			V	V						
314	1448	BMC - Parcel Sorting Machine			V	V						
315	1449	not used			V	V						
316	1450	Mechanized Tray Sorter			V	V						
317	1451	not used			V	V						
318	1452	not used			V	V						
319	1453	Facer/Canceler - Letters			V	V						
320	1454	Facer/Canceler - Flats			V	V						
321	1455	not used			V	V						
322	1456	Automated Postal Centers (APCs)			V	V						
323	1457	Allied Labor			V	V						
324	1458	CFS Letters			V	V						
325	1459	CFS Flats			V	V						
326	1460	not used			V	V						
327	1461	BPI Function 1 Mail Proc Op			V	V						
328	1462	not used			V	V						
329	1463	not used			V	V						
330	1464	BPI Function 4 Mail Proc			V	V						
331	1465	not used			V	V						
332	1466	Periodicals Outside County Key			V	V						
333	1467	Standard Regular Key			V	V						
334	1468	not used			V	V						
335	1469	Surface Visibility Hwy			V	V						
336	1470	not used			V	V						
337	1471	Amtrak Rail			V	V						
338	1472	not used			V	V						

Roll Forward Effects Lists Input Comparison, USPS vs PRC, R2005-1

R2005-1

Row Seq.	Com- ponent Number	USPS Component Title	Cost Level USPS	Cost Level PRC	Mail Volume USPS	Mail Volume PRC	Distribu- tion Key USPS	Distribu- tion Key PRC	Non- Volume Workload USPS	Non- Volume Workload PRC	Additional Workday USPS	Additional Workday PRC
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NOTES:

1. All components named Delivery Activities in the USPS are named Elemental Load in PRC.
2. All components named Network Travel in USPS are named Route in PRC.
3. ¹ Indicates 0 cost in this component in, so application of effect is meaningless
4. ² USPS version will contain only institutional costs (199) in this component
5. ³ PRC version may contain product specific costs in this component.
6. Distribution key definition corrected to match CRA definition.

KEY:

X	Component gets this effect
V	Mail Volume effect
M	Volume Mix effect
I	Indirect (piggyback) effect
IM	Indirect mix effect
A	Effect given, applies to all classes
199	Effect given, applies to class 199 (institutional costs) only
Z	Zero-based component

USPS-T-10

Appendix E

**Definition of Distribution Keys Used in R2001-1 Roll Forward Model and
Definition of Distribution Keys Used in R2005-1 Roll Forward Model**

Definition of Distribution Keys Used in R2001-1 Roll Forward Model

R2005-1

Row Seq.	Distribution Key Component Number	R2001-1 Distribution Key Title	Number of Components Summed to Make this Key	Addend 1	Addend 02	Addend 03	Addend 04	Addend 05	Addend 06	Addend 07	Addend 08	Addend 09	Addend 10	Addend 11	Addend 12	Addend 13	Addend 14	Addend 15	Addend 16	Addend 17
1	0035	Mail Processing	0																	
2	0040	Window Services	0																	
3	0059	Expedited Delivery	0																	
4	0043	Direct Labor	0																	
5	0046	Elemental Load	0																	
6	0048	Access	0																	
7	0054	Route	0																	
8	0047	Other Load	0																	
9	0610	Street SCS Load (PRC only)	0																	
10	0683	Street SCS Access (PRC only)	0																	
11	0057	Vehicle Service Drivers	0																	
12	0075	Postal Supplies & Services - Equipment	0																	
13	0423	Quality Control	0																	
14	0470	Training Other	0																	
15	0466	Dist Key - Sag 3 Scheme Training	3	0968	0969	0970														
16	0892	Sum C/S 7 SCS Load and Other Load	2	0610	0047															
17	0072	Rural Carriers - All Salaries	2	0069	0070															
18	0522	Dist Key - Supv City Del Other Attributable	7	0639	0684	0049	0050	0051	0052	0053										
19	0523	Dist Key - Genl Supv Coll & Deliv	17	0683	0639	0610	0684	0040	0043	0044	0046	0047	0048	0049	0050	0051	0052	0053	0054	0045
20	0694	Dist Key - Supv C/M/H (CS 2)	28	0683	0639	0610	0684	0035	0040	0066	0421	0423	0467	0468	0469	0470	0041	0227	0043	0044
21	0525	Dist Key - All Labor for E&L, T&A (2), T&A (3)	52	0680	0683	0639	0610	0684	0685	0001	0002	0004	0007	0013	0014	0015	0016	0017	0018	0026
22	0003	Dist Key - Servicewide Benefits	64	0680	0683	0639	0610	0684	0685	0001	0002	0004	0007	0013	0014	0015	0016	0017	0018	0026

E1-1

Definition of Distribution Keys Used in R2001-1 Roll Forward Model

R2005-1

Row Seq.	Distribution Key Component Number	R2001-1 Distribution Key Title	Addend 18	Addend 19	Addend 20	Addend 21	Addend 22	Addend 23	Addend 24	Addend 25	Addend 26	Addend 27	Addend 28	Addend 29	Addend 30	Addend 31	Addend 32	Addend 33	Addend 34	Addend 35
1	0035	Mail Processing																		
2	0040	Window Services																		
3	0059	Expedited Delivery																		
4	0043	Direct Labor																		
5	0046	Elemental Load																		
6	0046	Access																		
7	0054	Route																		
8	0047	Other Load																		
9	0610	Street SCS Load (PRC only)																		
10	0683	Street SCS Access (PRC only)																		
11	0057	Vehicle Service Drivers																		
12	0075	Postal Supplies & Services - Equipment																		
13	0423	Quality Control																		
14	0470	Training Other																		
15	0466	Dist Key - Seg 3 Scheme Training																		
16	0692	Sum C/S 7 SCS Load and Other Load																		
17	0072	Rural Carriers - All Salaries																		
18	0522	Dist Key - Supv City Del Other Attributable																		
19	0523	Dist Key - Genl Supv Coll & Delv	0046	0047	0048	0049	0050	0051	0052	0053	0054	0422	0045							
20	0694	Dist Key - Supv CHMMH (CS 2)	0031	0032	0033	0035	0040	0041	0227	0042	0043	0045	0044	0046	0047	0048	0049	0050	0051	0052
21	0525	Dist Key - All Labor for E&LR, T&A (2), T&A (3)	0030	0031	0032	0033	0035	0040	0041	0227	0042	0043	0045	0044	0046	0047	0048	0049	0050	0051
22	0003	Dist Key - Servicewide Benefits																		

Definition of Distribution Keys Used in R2001-1 Roll Forward Model

R2005-1

Row Seq.	Distribution Key Component Number	Distribution Key Title	Addend 36	Addend 37	Addend 38	Addend 39	Addend 40	Addend 41	Addend 42	Addend 43	Addend 44	Addend 45	Addend 46	Addend 47	Addend 48	Addend 49	Addend 50	Addend 51	Addend 52	Addend 53
1	0035	Mail Processing																		
2	0040	Window Services																		
3	0059	Expedited Delivery																		
4	0043	Direct Labor																		
5	0046	Elemental Load																		
6	0048	Access																		
7	0054	Route																		
8	0047	Other Load																		
9	0010	Street SCS Load (PRC only)																		
10	0083	Street SCS Access (PRC only)																		
11	0057	Vehicle Service Drivers																		
12	0075	Postal Supplies & Services - Equipment																		
13	0423	Quality Control																		
14	0470	Training Other																		
15	0466	Dist Key - Seg 3 Scheme Training																		
16	0692	Sum CRS 7 SCS Load and Other Load																		
17	0072	Rural Carriers - All Salaries																		
18	0522	Dist Key - Supv City Del Other Attributable																		
19	0523	Dist Key - Genl Supv Coll & Delv																		
20	0694	Dist Key - Supv ChMHH (CS 2)																		
21	0525	Dist Key - All Labor for E&LR, T&A (2), T&A (3)	0053	0054	0057	0059	0069	0070	0074	0075	0079	0082	0083	0084	0085	0086	0088	0089	0194	0194
22	0003	Dist Key - Servicewide Benefits	0052	0053	0054	0057	0059	0069	0070	0074	0075	0079	0082	0083	0084	0085	0086	0088	0089	0194

Definition of Distribution Keys Used in R2005-1 Roll Forward Model

R2005-1

Row Seq.	Distribution Key Component Number	R2005-1 Distribution Key Title	Number of Components Summed to Make this Key	Addend 01	Addend 02	Addend 03	Addend 04	Addend 05	Addend 06	Addend 07	Addend 08	Addend 09	Addend 10	Addend 11	Addend 12	Addend 13	Addend 14	Addend 15	Addend 16	Addend 17
1	0035	Mail Processing	0																	
2	0040	Window Services	0																	
3	0043	Direct Labor	0																	
4	0046	Delivery Activities (USPS) / Elem Load (PRC)	0																	
5	0048	Access (PRC Only)	0																	
6	0054	Network Travel (USPS) / Route (PRC)	0																	
7	0047	Other Load (PRC Only)	0																	
8	0610	Street SCS Load (PRC only)	0																	
9	0683	Street SCS Access (PRC only)	0																	
10	0657	Vehicle Service Drivers	0																	
11	0466	Dist Key - Seg 3 Scheme Training	3	0968	0970															
12	0295	Dist Key - Admin Clerks Quality Control	2	0035	0227															
13	0692	Sum C/S 7 SCS Load and Other Load	2	0610	0047															
14	0072	Rural Carriers - All Salaries	2	0069	0070															
15	0605	Dist Key - In-Office Support Other	3	0043	0046	0054														
16	0606	Dist Key - City Delv In-Office	3	0043	0044	0604														
17	0522	Dist Key - Supr City Del Other Attributable	7	0639	0684	0049	0050	0051	0052	0053	0604	0046	0047	0048	0049	0050	0051	0052	0053	0054
18	0523	Dist Key - Genl Supr Coll & Delv	17	0683	0639	0610	0684	0040	0043	0044	0604	0046	0047	0048	0049	0050	0051	0052	0053	0054
19	0473	Dist Key - Non-Training Seg 3 Costs	7	0035	0227	0040	0041	0421	0423	0066										
20	0694	Dist Key - Supr Clk/AMH (CS 2)	27	0683	0639	0610	0684	0035	0040	0066	0421	0423	0467	0468	0469	0470	0041	0227	0043	0044
21	0602	Dist Key - Supr Training Other	17	0680	0004	0007	0013	0014	0015	0016	0017	0018	0031	0032	0033	0034	0035	0036	0037	0038
22	0294	Dist Key - H.L. Supv & Admin Clerks Genl Office	59	0004	0007	0674	0675	0013	0014	0015	0016	0017	0018	0031	0032	0033	0034	0035	0036	0037
23	0525	Dist Key - All Labor for E&L, T&A (2), T&A (3)	68	0680	0683	0639	0610	0684	0685	0001	0002	0004	0007	0013	0014	0015	0016	0017	0018	0030
24	0526	Dist Key - Servicewide Benefits: RAL, Hoi CSRet, WC(C), WC(P)	79	0680	0683	0639	0610	0684	0685	0001	0002	0004	0007	0013	0014	0015	0016	0017	0018	0030

Row Seq.	Distribution Key Component Number	R2005-1 Distribution Key Title	Addend 18	Addend 19	Addend 20	Addend 21	Addend 22	Addend 23	Addend 24	Addend 25	Addend 26	Addend 27	Addend 28	Addend 29	Addend 30	Addend 31	Addend 32	Addend 33	Addend 34	Addend 35
1	0035	Mail Processing																		
2	0040	Window Services																		
3	0043	Direct Labor																		
4	0046	Delivery Activities (USPS) / Elem Load (PRC)																		
5	0048	Access (PRC Only)																		
6	0054	Network Travel (USPS) / Route (PRC)																		
7	0047	Other Load (PRC Only)																		
8	0610	Street SCS Load (PRC only)																		
9	0683	Street SCS Access (PRC only)																		
10	0057	Vehicle Service Drivers																		
11	0466	Dist Key - Seg 3 Scheme Training																		
12	0295	Dist Key - Admin Clerks Quality Control																		
13	0692	Sum C/S 7 SCS Load and Other Load																		
14	0072	Rural Carriers - All Salaries																		
15	0605	Dist Key - In-Office Support Other																		
16	0606	Dist Key - City Delv In-Office																		
17	0522	Dist Key - Supv City Del Other Attributable																		
18	0523	Dist Key - Genl Supv Coll & Delv																		
19	0473	Dist Key - Non-Training Seg 3 Costs																		
20	0694	Dist Key - Supv Clk/MH (CS 2)	0604	0046	0047	0048	0049	0050	0051	0052	0053	0054								
21	0602	Dist Key - Supv Training Other																		
22	0294	Dist Key - H.L. Supv & Admin Clerks Genl Office	0684	0685	0676	0677	0678	0035	0040	0066	0421	0423	0467	0468	0469	0470	0041	0227	0042	0043
23	0525	Dist Key - All Labor for E&LR, T&A (2), T&A (3)	0031	0032	0033	0674	0675	0676	0677	0678	0601	0035	0040	0066	0421	0422	0423	0467	0468	0469
24	0526	Dist Key - Servicewide Benefits: RAL, Hpl, CSRet, WC(C), WC(P)	0031	0032	0033	0674	0675	0676	0677	0678	0601	0035	0040	0066	0421	0422	0423	0467	0468	0469

Row Seq.	Distribution Key Component Number	R2005-1 Distribution Key Title	Addend 36	Addend 37	Addend 38	Addend 39	Addend 40	Addend 41	Addend 42	Addend 43	Addend 44	Addend 45	Addend 46	Addend 47	Addend 48	Addend 49	Addend 50	Addend 51	Addend 52	Addend 53
1	0035	Mail Processing																		
2	0040	Window Services																		
3	0043	Direct Labor																		
4	0046	Delivery Activities (USPS) / Elem Load (PRC)																		
5	0048	Access (PRC Only)																		
6	0054	Network Travel (USPS) / Route (PRC)																		
7	0047	Other Load (PRC Only)																		
8	0610	Street SCS Load (PRC only)																		
9	0683	Street SCS Access (PRC only)																		
10	0057	Vehicle Service Drivers																		
11	0466	Dist Key - Seg 3 Scheme Training																		
12	0295	Dist Key - Admin Clerks Quality Control																		
13	0692	Sum C/S 7 SCS Load and Other Load																		
14	0072	Rural Carriers - All Salaries																		
15	0605	Dist Key - In-Office Support Other																		
16	0606	Dist Key - City Delv In-Office																		
17	0522	Dist Key - Supv City Del Other Attributable																		
18	0523	Dist Key - Genl Supv Coll & Delv																		
19	0473	Dist Key - Non-Training Seg 3 Costs																		
20	0694	Dist Key - Supv Clk/MH (CS 2)																		
21	0602	Dist Key - Supv Training Other																		
22	0294	Dist Key - H.L. Supv & Admin Clerks Genl Office	0044	0604	0046	0047	0048	0049	0050	0051	0052	0053	0054	0057	0069	0070	0075	0543	0545	0548
23	0525	Dist Key - All Labor for E&LR, T&A (2), T&A (3)	0470	0041	0227	0042	0043	0045	0044	0604	0046	0047	0048	0049	0050	0051	0052	0053	0054	0057
24	0526	Dist Key - Servicewide Benefits: RAL, Hol, CSRel, WC(C), WC(P)	0470	0041	0227	0042	0043	0045	0044	0604	0046	0047	0048	0049	0050	0051	0052	0053	0054	0057

Definition of Distribution Keys Used in R2005-1 Roll Forward Model

R2005-1

Row Seq	Distribution Key Component Number	R2005-1 Distribution Key Title	Addend 54	Addend 55	Addend 56	Addend 57	Addend 58	Addend 59	Addend 60	Addend 61	Addend 62	Addend 63	Addend 64	Addend 65	Addend 66	Addend 67	Addend 68	Addend 69	Addend 70	Addend 71
1	0035	Mail Processing																		
2	0040	Window Services																		
3	0043	Direct Labor																		
4	0046	Delivery Activities (USPS) / Elem Load (PRC)																		
5	0048	Access (PRC Only)																		
6	0054	Network Travel (USPS) / Route (PRC)																		
7	0047	Other Load (PRC Only)																		
8	0610	Street SCS Load (PRC only)																		
9	0683	Street SCS Access (PRC only)																		
10	0057	Vehicle Service Drivers																		
11	0456	Dist Key - Seg 3 Scheme Training																		
12	0295	Dist Key - Admin Clerks Quality Control																		
13	0692	Sum C/S 7 SCS Load and Other Load																		
14	0072	Rural Carriers - All Salaries																		
15	0605	Dist Key - In-Office Support Other																		
16	0606	Dist Key - City Delv In-Office																		
17	0522	Dist Key - Supv City Delv Other Attributable																		
18	0523	Dist Key - Gent Supv Coll & Delv																		
19	0473	Dist Key - Non-Training Seg 3 Costs																		
20	0694	Dist Key - Supv CM/MH (CS 2)																		
21	0602	Dist Key - Supv Training Other																		
22	0294	Dist Key - H.L. Supv & Admin Clerks Gent Office	0082	0083	0084	0085	0086	0088												
23	0525	Dist Key - H.L. Labor for EALR, T&A (2), T&A (3)	0069	0070	0074	0075	0079	0543	0545	0548	0082	0083	0084	0085	0086	0089	0194	0029	0089	0028
24	0526	Dist Key - Service-wide Benefits: RAL, Hol, CSRet, WC(C), WC(P)	0068	0070	0074	0075	0079	0543	0545	0548	0082	0083	0084	0085	0086	0089	0194	0029	0089	0028

R2005-1
Definition of Distribution Keys Used in R2005-1 Roll Forward Model

Row Seq	Distribution Key Component Number	R2005-1 Distribution Key Title	Addend 72	Addend 73	Addend 74	Addend 75	Addend 76	Addend 77	Addend 78	Addend 79
1	0035	Mail Processing								
2	0040	Window Services								
3	0043	Direct Labor								
4	0046	Delivery Activities (USPS) / Elem Load (PRC)								
5	0048	Access (PRC Only)								
6	0054	Network Travel (USPS) / Route (PRC)								
7	0047	Other Load (PRC Only)								
8	0610	Street SCS Load (PRC only)								
9	0683	Street SCS Access (PRC only)								
10	0057	Vehicle Service Drivers								
11	0466	Dist Key - Seg 3 Scheme Training								
12	0295	Dist Key - Admin Clerks Quality Control								
13	0692	Sum C/S 7 SCS Load and Other Load								
14	0072	Rural Carriers - All Salaries								
15	0605	Dist Key - In-Office Support Other								
16	0606	Dist Key - City Delv In-Office								
17	0522	Dist Key - Supv City Delv Other Attributable								
18	0523	Dist Key - Genl Supv Coll & Delv								
19	0473	Dist Key - Non-Training Seg 3 Costs								
20	0694	Dist Key - Supv C/MNH (CS 2)								
21	0602	Dist Key - Supv Training Other								
22	0294	Dist Key - H.L. Supv & Admin Clerks Genl Office								
23	0525	Dist Key - All Labor for E&LR, T&A (2), T&A (3)								
24	0526	Dist Key - Servicewide Benefits, RAL, Hoi, CSRet, WC(C), WC(P)	0110	0114	0173	0191	0192	0193	0195	0219

USPS-T-10**Appendix F****Cost Reductions and Other Programs List**

Summary of FY 2005 Cost Reduction Program Changes from Prior Year
Dollars in Thousands

Program	Segment 2	Segment 3	Segment 6/7	Segment 10	Segment 11	Segment 12	Segment 14	Segment 15	Segment 16	Segment 18	Segment 19	Segment 20	Total
	Suppliers	Clients & Mail Handlers	City Carriers	Rural Carriers	Maintenance	Motor Vehicle Service	Transportation	Bldg Occupancy	Supplies/ Svcs	HQ/ Area Admin/ Corpwide	Eqpt Maint/ Mgmt Trg Support	Dep't Write-off/ Losses/ Int'l	
SECTION 1A													
1632 Addr' DGCS Stacker Modules		(6,568)	(8,870)	(1,127)	-	-	-	-	-	-	-	-	(16,564)
OCR Enhancements for Letter Automation		(7,949)	-	-	-	-	-	-	-	-	-	-	(7,949)
Ltr Recognition Enhancemnt Prg (LREP)		(30,438)	-	-	-	-	-	-	-	-	-	-	(30,438)
Postal Automated Redirection Sys (PARS) Ph I		(83,084)	(2,163)	(221)	(565)	-	(78)	-	-	-	-	-	(86,090)
Postal Automated Redirection Sys (PARS) Ph II		(264)	-	-	-	-	-	-	-	-	-	-	-
Wide Field of View Camera (WFOVC)		(599)	(134)	-	(430)	-	-	-	-	-	-	-	(396)
AFCIS Improvements		-	-	-	-	-	-	-	-	-	-	-	(1,029)
Automatic Induction System for 210 AFSM 100		(4,720)	-	-	(166)	-	-	-	-	-	-	-	(4,886)
AFSM 100 Feeder Enhancements		-	-	-	-	-	-	-	-	-	-	-	-
Automatic Tray Hdng for AFSM 100 Ph 2		(484)	-	-	-	-	-	-	-	-	-	-	(484)
Auto Tray Hdng System (ATHS) for AFSM 100		(20,682)	-	-	-	-	-	-	-	-	-	-	(20,682)
Facit Identification Code Sort (FICS)		(36,151)	(158)	-	-	-	-	-	-	-	-	-	(36,309)
Facit Recognition Improvement Prg (FRIP)		(2,606)	-	-	-	-	-	-	-	-	-	-	(2,606)
Facit Remote Encoding System (FRES)		(3,948)	-	-	-	-	-	-	-	-	-	-	(3,948)
120 Automatic Flats Tray Ladders (AFTL)		(2,085)	-	-	-	-	-	-	-	-	-	-	(2,085)
Integrated Dispatch & Receipt Systems (IDR)		(5,965)	-	-	-	-	-	-	-	-	-	-	(5,965)
Field Material Hdng System		(5,083)	-	-	-	-	-	-	-	-	-	-	(5,083)
Low Cost Tray Sorters		-	-	-	-	-	-	-	-	-	-	-	-
Receipt & Dispatch Unloaders		-	-	-	-	-	-	-	-	-	-	-	-
Automated Pig Processing Sys (APPS) Ph 2		(29,776)	-	-	-	-	-	-	-	-	-	-	(29,776)
Automated Pig Processing Sys (APPS)		(101)	-	-	-	-	-	-	-	-	-	-	(101)
Singulate, Scan, Induction Unit (SSIU)		-	-	-	-	-	-	-	-	-	-	-	-
SSIU Video Code		-	-	-	-	-	-	-	-	-	-	-	-
Artline Receiving Concourse & Trayline Sys (NVS)		(3,484)	-	-	-	-	-	-	-	-	-	-	(3,484)
Mail Processing Infrastructure (MPI) Ph 2		(414)	(245)	(67)	(49)	-	-	-	-	-	-	-	(775)
IMAS Intelligent Mail Data Acq Sys WOOD Reprint		(17,854)	-	-	-	-	-	-	-	-	-	-	(17,854)
1 Labor Scheduler Phase 1		(90)	-	-	-	-	-	-	-	-	-	-	(90)
NERLIN Ph 2		(19,287)	-	-	-	-	-	-	-	-	-	-	(19,287)
POS ONE Stage 3		(45,284)	-	-	-	(10)	(886)	(220)	(451)	-	(21)	-	(45,284)
Automated Postal Center (Self-Svc Platform)		-	-	-	(836)	-	-	-	-	-	-	-	(836)
Surface Visibility - SASS Phase III		(4,075)	-	-	-	-	-	-	-	-	-	-	(4,075)
REC Consolidation Phase 4		(7,137)	-	-	-	-	-	-	-	-	-	-	(7,137)
Three-Digit Scheme for Flats		(1,538)	-	-	(861)	-	(4,169)	(26,957)	(1,671)	(64,604)	-	(5,750)	(8,239)
Skin Stack Reduction		-	-	-	-	-	(46,392)	(26,957)	(183)	(64,604)	-	(5,750)	(46,392)
Periodicals Cost Reduction Initiative		-	-	-	-	-	-	-	(20,036)	-	-	-	(20,036)
DAR Impact from New Facilities		-	-	-	-	-	-	-	(22,341)	(64,604)	(21)	(5,750)	(529,136)
AUTRAK Termination		-	-	-	-	-	-	-	-	-	-	-	-
Emergency Preparedness Plan		-	-	-	-	-	-	-	-	-	-	-	-
Breathmough Productivity Initiative (Invtry Red)		(2,174)	(11,570)	(1,415)	(2,907)	(10)	(51,525)	(27,177)	(22,341)	-	-	-	(295,541)
Subtotal Operating Programs Cost Reductions		(17,620)	(277,921)	-	-	-	-	-	-	-	-	-	(277,216)
Func 1 BP/ LMI		(115,598)	(256,628)	-	(58,589)	-	-	-	-	-	-	-	(111,677)
Func 2 BP/ LMI		(6,603)	(105,274)	-	(58,589)	-	-	-	-	-	-	-	(111,677)
Func 3 BP/ LMI		(39,810)	(256,628)	-	(58,589)	-	-	-	-	-	-	-	(738,222)
Func 4 BP/ LMI		(41,984)	(268,197)	(1,415)	(61,496)	(10)	(51,525)	(27,177)	(22,341)	(64,604)	(21)	(5,750)	(1,267,352)
Total FY 2005 BP/ LMI		-	-	-	-	-	-	-	-	-	-	-	-
Total Operating Programs Cost Reductions		-	-	-	-	-	-	-	-	-	-	-	-
SECTION 1B													
Human Capital Enterprise HR Shared Services		(8,997)	-	-	-	-	-	-	-	-	-	-	(8,997)
Facility Single Source Provider Program (FSSP)		(8,997)	-	-	-	-	-	-	-	-	-	-	(8,997)
Total Other Cost Reduction Programs		(8,997)	-	-	-	-	-	-	-	-	-	-	(8,997)
TOTAL		(22,831)	(268,197)	(1,415)	(61,496)	(10)	(51,525)	(27,177)	(22,341)	(64,604)	(21)	(5,750)	(1,276,349)

Source: Wireless T-aymen, USPS-T-6, USPS-LR-K-50, Chapter V

Summary of FY 2005 Other Program Changes from Prior Year
Dollars in Thousands

Program	Segment 3 Clerks & Mail Handlers	Segment 8 Vehicle Service Drivers	Segment 10 Rural Carriers	Segment 11 Maintenance	Segment 12 Motor Veh Service	Segment 13 Misc. Local Operations	Segment 14 Transportation	Segment 15 Bldg. Occupancy	Segment 16 Supplies/ Svcs	Segment 17 R & D	Segment 18 HQ Area Admin/ Corporate	Segment 19 Eqpt Maint/ Mgmt Trg Support	Segment 20 Dep't/ Write- offs/ Losses/ Int	Total
SECTION 2A														
1632 Addtl DBCS Stacker Modules	-	-	-	2,896	-	-	-	-	-	-	-	-	-	2,896
OCR Enhancements for Letter Automation	-	-	-	2,472	-	-	-	-	-	-	-	-	-	2,472
LIR Recognition Enhancmnt Prg (LREP)	-	-	-	361	-	-	-	-	-	-	-	-	-	361
Postal Automated Redirection Sys (PARS) Ph I	30,740	-	-	-	-	-	-	-	-	-	-	-	-	30,740
Postal Automated Redirection Sys (PARS) Ph II	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Postal Automated Redirection Sys (PARS) 100	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Automatic Induction System for 210 AFSM 100	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Automatic Tray Hdq for AFSM 100 Ph 2	-	-	-	431	-	-	-	-	-	-	-	-	-	431
Auto Tray Hdq System (ATHS) for AFSM 100	2,595	-	-	6,839	-	-	-	-	-	-	-	-	-	9,434
Flat Identification Code Sort (FICS)	3,488	-	-	558	-	-	-	-	-	-	-	-	-	4,046
120 Automatic Plats Tray Ladders (AFTL)	-	-	-	912	-	-	-	-	-	-	-	-	-	912
Integrated Dispatch & Receipt Systems (IDR)	-	-	-	378	-	-	-	-	-	-	-	-	-	378
Field Material Hdq System	-	-	-	336	-	-	-	-	-	-	-	-	-	336
Low Cost Tray Sorters	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Receipt & Dispatch Unloaders	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Automated Pkg Processing Sys (APPS) Ph 2	-	-	-	1,521	-	-	-	-	-	-	7,960	-	-	9,481
Automated Pkg Processing Sys (APPS)	20,980	-	-	-	-	-	-	-	-	-	-	-	-	20,980
SSIU Video Code	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Airline Receiving Concourse & Trayline Sys (NYISC)	-	-	-	-	-	-	-	-	-	-	-	-	-	-
MERLIN Ph 2	-	-	-	21	-	-	-	-	-	-	-	-	-	21
Biohazard Detection Systems	-	-	-	3,541	-	-	-	-	-	-	-	-	-	3,541
Ventilation & Filtration System for Mail Proc Eqpt	-	-	-	4,550	-	-	-	-	-	-	-	-	-	4,550
Surface Visibility - SASS Phase III	7,937	-	-	-	-	-	-	-	-	-	-	-	-	7,937
REC Consolidation Phase 4	-	-	-	-	-	-	46	-	429	-	-	-	-	475
DAR Impact from New Facilities	2,070	72	-	2,337	-	-	16,000	-	997	-	-	-	-	18,404
AMTRAK Termination	-	-	-	-	-	-	-	-	8,915	-	-	-	-	8,915
Emergency Preparedness Plan	-	-	-	-	-	-	-	-	51,494	-	-	-	-	51,494
Reloading and Unloading Allowance	67,810	72	29,188	27,152	-	-	16,046	10,341	56,310	-	7,960	-	-	138,647
Total FY 2005 Other Programs														
SECTION 2B														
Human Capital Enterprise HR Shared Services	-	-	-	-	1,020	4,242	-	(11,796)	(68,626)	(5,000)	53,047	12,518	1,614	(12,983)
Headquarters Programs	-	-	-	-	-	-	35,008	6,012	1,482	-	3,300	-	-	45,802
Remove Prior Year Credits from Base	-	-	-	-	1,020	4,242	-	(5,786)	(67,144)	(5,000)	56,347	12,518	1,614	32,819
Total Other FY 2005 Other Programs														
TOTAL	67,810	72	29,188	27,152	1,020	4,242	51,054	4,555	(10,834)	(5,000)	64,307	12,518	1,614	247,698

Source: Winest Teyman, USPS-T-10, USPS-T-10, Chapter V

Summary of FY 2006 Cost Reduction Program Changes from Prior Year
Dollars in Thousands

Program	Segment 2	Segment 3	Segment 6/7	Segment 10	Segment 11	Segment 12	Segment 14	Segment 15	Segment 16	Segment 18	Segment 19	Total
	Supervisors	Clerks & Mail Handlers	City Carriers	Rural Carriers	Maintenance	Motor Veh Service	Transportation	Bldg Occupcy	Supplies/Svcs	HQ/Area Admin/ Corporate	Eqpt Maint/ Mgmt Trg Support	
SECTION 1A												
1632 Addtl DECS Stacker Modules	-	(582)	(619)	(79)	-	-	-	-	-	-	-	(1,260)
OCR Enhancements for Letter Automation	-	(24,436)	-	-	-	-	-	-	-	-	-	(24,436)
Ltr Recognition Enhancmt Prg (LREP)	-	(39,399)	(987)	(61)	(77)	-	-	-	-	-	-	(39,399)
Postal Automated Redirection Sys (PARS) Ph I	-	(14,710)	(52)	(1,772)	(370)	-	(21)	-	-	-	-	(15,456)
Postal Automated Redirection Sys (PARS) Ph II	-	(15,835)	(652)	-	-	-	(174)	-	-	-	-	(18,753)
Wide Field of View Camera (WFOVC)	-	-	-	-	-	-	-	-	-	-	-	-
AFCS Improvements	-	(3,090)	-	-	(2,219)	-	-	-	-	-	-	(5,309)
Automatic Induction System for 210 AFSM 100	-	(20,596)	-	-	-	-	-	-	-	-	-	(20,596)
AFSM 100 Feeder Enhancements	-	(195)	-	-	-	-	-	-	-	-	-	(195)
Automatic Tray Hdg for AFSM 100 Ph 2	-	(29,462)	-	-	-	-	-	-	-	-	-	(29,462)
Auto Tray Hdg System (ATHS) for AFSM 100	-	(36,621)	-	-	-	-	-	-	-	-	-	(36,621)
Flat Identification Code Sort (FICS)	-	(20,150)	(327)	-	-	-	-	-	-	-	-	(20,477)
Flat Recognition Improvement Prg (FRIP)	-	(8,476)	-	-	-	-	-	-	-	-	-	(8,476)
Flat Remote Encoding System (FRES)	-	(56)	-	-	-	-	-	-	-	-	-	(56)
120 Automatic Flats Tray Ladders (AFL)	-	(30,333)	-	-	-	-	-	-	-	-	-	(30,333)
Integrated Dispatch & Receipt Systems (IDR)	-	(6,134)	-	-	-	-	-	-	-	-	-	(6,134)
Field Material Hdg System	-	-	-	-	-	-	-	-	-	-	-	-
Low Cost Tray Sorters	-	(6,812)	-	-	-	-	-	-	-	-	-	(6,812)
Recall & Dispatch Unloaders	-	(17,591)	-	-	-	-	-	-	-	-	-	(17,591)
Automated Pkg Processing Sys (APPS) Ph 2	-	(107,054)	-	-	-	-	-	-	-	-	-	(107,054)
Automated Pkg Processing Sys (APPS)	-	(4,109)	-	-	-	-	-	-	-	-	-	(4,109)
Singulate, Scan, Induction Unit (SSIU)	-	(4,725)	-	-	-	-	-	-	-	-	-	(4,725)
SSIU Video Code	-	(2,638)	-	-	-	-	-	-	-	-	-	(2,638)
Active Receiving Concourse & Trayline Sys (NYISC)	-	(3,697)	(1,020)	(282)	(443)	-	-	-	-	-	-	(5,442)
Mail Processing Infrastructure (MPI) Ph 2	-	(7,197)	-	-	-	-	-	-	-	-	-	(7,197)
MDAS Intelligent Mail Data Acq Sys MDCD Rdcmnt	-	-	-	-	-	-	-	-	-	-	-	-
Labor Scheduler Phase 1	-	-	-	-	-	-	-	-	-	-	-	-
MERLIN Ph 2	-	-	-	-	-	-	-	-	-	-	-	-
SECTION ONE Stage 3												
Automated Postal Center (Self-Svc Platform)	-	(44,375)	-	-	-	-	-	-	-	-	-	(44,375)
Surface Velocity - SASS Phase III	-	(11,441)	-	-	-	-	-	-	-	-	-	(11,441)
REC Consolidation Phase 4	(2,200)	(6,285)	-	-	(826)	(466)	(33,356)	(990)	(431)	-	(20)	(45,263)
Three-Digit Scheme for Flats	-	(15,192)	-	-	-	-	-	-	-	-	-	(15,192)
Sktn Stack Reduction	-	(127,500)	-	-	(3,937)	-	(22,500)	(1,505)	(4,816)	-	-	(150,000)
Periodicals Cost Reduction Initiative	-	(8,396)	-	-	-	-	(125)	-	-	-	-	(8,656)
DAR Impact from New Facilities	-	-	-	-	-	-	-	-	-	-	-	(125)
AMTRAK Termination	-	-	-	-	-	-	-	-	-	-	-	-
Emergency Preparedness Plan	-	-	-	-	-	-	-	-	-	-	-	-
Breakthrough Productivity Initiative (Inventory Red)	(2,200)	(617,090)	(3,205)	(2,195)	(7,671)	(466)	(56,125)	(2,495)	(5,247)	-	(20)	(696,915)
Subtotal Operating Programs Cost Reductions												
Func 1 BPI/LMI	(12,776)	(196,654)	-	-	-	-	-	-	-	-	-	(209,432)
Func 2 BPI/LMI	(14,916)	-	(238,776)	-	(29,717)	-	-	-	-	-	-	(253,692)
Func 3 BPI/LMI	(7,650)	(118,866)	-	-	(29,717)	-	-	-	-	-	-	(126,516)
Func 4 BPI/LMI	(35,944)	(315,520)	(238,776)	-	(29,717)	-	-	-	-	-	-	(619,356)
Total FY 2006 BPI/LMI	(37,545)	(932,610)	(241,981)	(2,195)	(37,586)	(466)	(56,125)	(2,495)	(5,247)	-	(20)	(1,316,273)
Total Operating Programs Cost Reductions												
SECTION 1B												
Human Capital Enterprise HR Shared Services	-	-	-	-	-	-	-	-	-	(10,845)	-	(10,845)
Facility Single Source Provider Program (FSSSP)	(5,821)	-	-	-	-	-	-	-	-	(10,845)	-	(16,666)
Total Other Cost Reduction Programs	(5,821)	-	-	-	-	-	-	-	-	(10,845)	-	(16,666)
TOTAL	(43,366)	(932,610)	(241,981)	(2,195)	(37,586)	(466)	(56,125)	(2,495)	(5,247)	(10,845)	(20)	(1,332,939)

Source: Witness T-Form, USPS-T-8, USPS-LR-K-50, Chapter V

Summary of FY 2006 Other Program Changes from Prior Year
Dollars in Thousands

Program	Segment 3 Clerks & Mail Handlers	Segment 8 Vehicle Service Drivers	Segment 10 Rural Carriers	Segment 11 Maintenance	Segment 14 Transportation	Segment 15 Bldg. Occupancy	Segment 16 Supplies/Svcs	Total
SECTION 2A								
1632 Addtl DBCS Stacker Modules	-	-	-	50	-	-	-	50
OCR Enhancements for Letter Automation	1,272	-	-	2,661	-	-	-	3,933
Ltr Recognition Enhncmnt Prg (LREP)	-	-	-	384	-	-	-	384
Postal Automated Redirection Sys (PARS) Ph I	11,659	-	-	-	-	-	-	11,659
Postal Automated Redirection Sys (PARS) Ph II	15,303	-	-	-	-	-	-	15,303
Automatic Induction System for 210 AFSM 100	3,030	-	-	3,947	-	-	-	6,977
Automatic Tray Hldg for AFSM 100 Ph 2	1,423	-	-	40	-	-	-	1,463
Auto Tray Hldg System (ATHS) for AFSM 100	4,612	-	-	6,828	-	-	-	11,440
Flat Identification Code Sort (FICS)	-	-	-	4,462	-	-	-	4,462
120 Automatic Flats Tray Lifters (AFTL)	-	-	-	-	-	-	-	-
Integrated Dispatch & Receipt Systems (IDR)	-	-	-	4,726	-	-	-	4,726
Field Material Hldg System	-	-	-	-	-	-	-	-
Low Cost Tray Sorters	-	-	-	457	-	-	-	457
Recelpt & Dispatch Unloaders	-	-	-	-	-	-	-	-
Automated Pkg Processing Sys (APPS) Ph 2	7,380	-	-	508	-	-	-	7,859
Automated Pkg Processing Sys (APPS)	26,720	-	-	478	-	-	-	28,892
SSIU Video Code	-	-	-	293	-	-	-	293
Airline Receiving Concours & Trayline Sys (NYISC)	-	-	-	55	-	-	-	55
MERLIN Ph 2	-	-	-	-	-	-	-	-
Biohazard Detection Systems	-	-	-	3,305	-	-	-	3,305
Ventilation & Filtration System for Mail Proc Eqpt	-	-	-	2,562	-	-	-	2,562
Surface Visibility - SASS Phase III	-	-	-	-	-	-	-	-
REC Consolidation Phase 4	-	-	-	-	-	-	-	-
DAR Impact from New Facilities	-	-	-	-	-	-	-	-
AMTRAK Termination	2,206	-	-	4,149	-	-	-	10,824
Emergency Preparedness Plan	-	-	-	-	-	-	3,395	-
Reloading and Unloading Allowance	-	-	2,745	-	-	-	57,154	66,841
Total FY 2006 Other Programs	73,605	-	2,745	37,078	422	10,139	60,549	184,538
SECTION 2B								
Human Capital Enterprise HR Shared Services	-	-	-	-	-	-	3,063	3,063
Headquarters Programs	-	-	-	-	-	-	50,000	50,000
Remove Prior Year Credits from Base	-	-	-	-	-	-	-	-
Total Other FY 2006 Other Programs	-	-	-	-	-	-	53,063	53,063
TOTAL	73,605	-	2,745	37,078	422	10,139	113,612	237,601

Source: Witness Teyman, USPS-T-6, USPS-LR-K-50, Chapter V

Cost Reductions & Other Programs List for Roll Forward Dks

RF DK	FY 2005 Program Name	City / Mailhandler Clerk / Mailhandler		Rural Carrier		Open Ego Maintenance		Total	
		\$ Savings	\$ Costs	\$ Savings	\$ Costs	\$ Savings	\$ Costs	\$ Savings	\$ Costs
1440	1632 Add'l DBCS Stacker Modules	(6,565)	-	(6,565)	-	-	2,896	(16,564)	2,896
1441	OCR Enhancements for Letter Automation	(7,949)	-	-	-	-	2,472	(7,949)	2,472
1444	Ltr Recognition Enhancemnt Prg (LREP)	(30,438)	-	-	-	-	361	(30,438)	361
1458	Postal Automated Redirection Sys (PARS) Ph I	(83,964)	30,740	(2,163)	-	(565)	-	(86,012)	30,740
1458	Postal Automated Redirection Sys (PARS) Ph II	-	-	-	-	-	-	-	-
1460	Wide Field of View Camera (WFOVC)	(284)	-	(134)	-	-	-	(398)	-
1440	AFCIS Improvements	(599)	-	-	-	(430)	-	(1,029)	-
1442	Automatic Induction System for 210 AFSM 100	-	-	-	-	-	-	-	-
1442	Automatic Induction System for AFSM 100 Ph 2	-	-	-	-	-	-	-	-
1459	PARS for Flats	(4,720)	-	-	-	(166)	-	(4,886)	-
1442	AFSM 100 Feeder Enhancements	-	-	-	-	-	-	-	-
1442	Automatic Tray Hdg for AFSM 100 Ph 2	(464)	2,595	-	-	-	431	(464)	3,025
1442	Auto Tray Hdg System (ATHS) for AFSM 100	-	-	-	-	-	-	-	-
1454	Flats Face Canceller	-	3,488	(158)	-	-	-	(36,308)	10,326
1442	Flat Identification Code Sort (FICS)	(20,832)	-	-	-	-	6,539	(20,682)	-
1442	Flat Remote Encoding System (PRES)	(2,606)	-	-	-	-	-	(2,606)	-
1442	Flat Recognition Improvement Prg (FRIP)	(26,151)	-	-	-	-	-	(3,946)	558
1450	120 Automatic Flats Tray Loaders (AFTL)	(3,948)	-	-	-	-	568	(2,096)	912
1450	Integrated Receipt & Dispatch Systems (IDR)	(2,095)	-	-	-	-	912	(5,965)	378
35	Field Fixed Mech/Field Material Hdg System	(5,965)	-	-	-	-	336	(5,083)	336
1450	Low Cost Tray Sorters	(5,083)	-	-	-	-	-	-	-
35	Next Generation Material Hdg Expt	-	-	-	-	-	-	-	-
1450	Receipt & Dispatch Unloaders	-	-	-	-	-	-	-	-
1448	BMC Top OCR	-	-	-	-	-	-	-	-
1448	Package Technology Development	-	-	-	-	-	-	-	-
1443	Automated Plug Processing Sys (APPS) Ph 2	-	20,980	-	-	-	1,521	(26,776)	22,301
1443	Automated Plug Processing Sys (APPS)	(20,776)	-	-	-	-	-	(101)	-
1448	Singulate, Scan, Induction Unit (SSIU)	(101)	-	-	-	-	-	-	-
1448	SSIU Video Code	-	-	-	-	-	-	-	-
1448	Airline Receiving Concourse & Trayline Sys (NYISC)	(3,484)	-	-	-	-	-	(3,484)	-
35	Mail Processing Infrastructure (MPI) Ph 2	(414)	-	(245)	-	(49)	-	(775)	-
1439	IMDAS Intelligent Mail Data Acq Sys MDCD Rptmnt	(17,854)	-	-	-	-	21	(17,854)	-
35	Labor Scheduler	(80)	-	-	-	-	-	(90)	21
1447	MERLIN Ph 2	(19,287)	-	-	-	-	-	(19,287)	-
40	POS ONE Stage 3	(45,264)	-	-	-	-	3,541	(45,264)	-
1456	Automated Postal Center (Self-Svc Platform)	-	-	-	-	-	4,550	-	3,541
1445	Biohazard Detection System	-	-	-	-	-	-	-	4,550
1445	Ventilation & Filtration System for Mail Proc Expt	-	7,937	-	-	-	-	-	7,937
1457	Surface Visibility - SASS Phase III	-	-	-	-	-	-	-	-
1444	REC Consolidation Phase 4	(2,881)	-	-	-	(836)	-	(3,010)	-
1467	Three-Digit Scheme for Flats - Standard Mail	(1,194)	-	-	-	-	-	(2,881)	-
1466	Three-Digit Scheme for Flats - Periodical Mail	(7,137)	-	-	-	-	-	(1,194)	-
1466	Skin Sacks	-	-	-	-	-	-	(7,137)	-
1466	Periodical Cost Reduction Initiative	(338,098)	65,740	(11,570)	-	(2,046)	-	(355,302)	90,555
1461	Func 1 BP / LMI (Mail Processing)	(277,921)	-	-	-	-	-	(295,541)	-
1461	Func 2 BP / LMI (City Center)	-	-	-	-	-	-	(272,216)	-
1464	Func 3 BP / LMI (Bulk & Equip Maint/DCs 36,37,38)	(65,270)	-	(756,626)	-	(58,589)	-	(58,589)	-
40	Func 4 BP / LMI (Mail Processing DCs 41-48)	(40,004)	-	-	-	-	-	(68,363)	-
40	Func 4 BP / LMI (Window Services)	(38,810)	-	(256,628)	-	(58,589)	-	(42,513)	-
40	Total FY 2005 Field BP / LMI	(381,196)	-	-	-	-	-	(738,222)	-

Cost Reductions & Other Programs List for Roll Forward

RF ID	FY 2006 Program Name	Clerk / Mailhandler	City Carrier	Rural Carrier	Supervisors	Oper. Eqt. Maintenance	Oper. Eqt. Maintenance	Total	Total
		\$ Savings	\$ Savings	\$ Savings	\$ Savings	\$ Costs	\$ Costs	\$ Savings	\$ Costs
1440	1632 AdRT DBCS Stacker Module	(562)	(613)	(79)	-	-	50	(1,260)	50
1441	OCR Enhancements for Letter Automation	(24,438)	-	-	-	2,661	-	(24,438)	3,833
1444	Lt Recognition Enhancemnt Prg (LREP)	(38,399)	-	-	-	384	-	(38,399)	384
1459	Postal Automated Redirection Sys (PARS) Ph I	(14,710)	(587)	(61)	(77)	-	-	(15,435)	11,659
1458	Postal Automated Redirection Sys (PARS) Ph II	(15,816)	(652)	(1,772)	(370)	-	-	(18,629)	15,303
1440	Wide Field of View Camera (WFOVC)	(3,090)	-	-	(2,210)	-	-	(5,300)	-
1453	AFCIS Improvements	(20,596)	-	-	-	3,947	-	(20,596)	6,977
1442	Automatic Induction System for 210 AFISM 100	-	-	-	-	-	-	-	-
1442	Automatic Induction System for AFISM 100 Ph 2	-	-	-	-	-	-	-	-
1459	PARS for Flats	-	-	-	-	-	-	-	-
1442	AFISM 100 Feeder Enhancements	(195)	-	-	-	-	40	(195)	1,483
1442	Automatic Tray Hdq for AFISM 100 Ph 2	(29,462)	-	-	-	6,828	-	(29,462)	11,440
1442	Auto Tray Hdq System (ATHS) for AFISM 100	-	-	-	-	-	-	-	-
1454	Flats Face Cancellor	(36,621)	-	-	-	4,462	-	(36,621)	4,462
1442	Flat Identification Code Sort (FICS)	(20,190)	(327)	-	-	-	-	(20,477)	-
1442	Flat Recognition Improvement Prg (FRIP)	(8,416)	-	-	-	-	-	(8,416)	-
1442	Flat Remote Encoding System (PRES)	(96)	-	-	-	-	-	(96)	-
1450	120 Automatic Flats Tray Ladders (AFTL)	(30,333)	-	-	-	4,726	-	(30,333)	4,726
1450	Integrated Receipt & Dispatch Systems (IDR)	(6,134)	-	-	-	457	-	(6,134)	457
35	Field Fixed Mech/Held Material Hdq System	-	-	-	-	-	-	-	-
1450	Low Cost Tray Sorters	-	-	-	-	-	-	-	-
35	New Generation Material Hdq Equip	(8,812)	-	-	-	508	-	(8,812)	508
1450	Receipt & Dispatch Unloaders	-	-	-	-	-	-	-	-
1448	BMC Top OCR	-	-	-	-	-	-	-	-
1448	Package Technology Development	-	-	-	-	-	-	-	-
1443	Automated Pkg Processing Sys (APPS) Ph 2	(17,591)	-	-	-	478	-	(17,591)	7,869
1443	Automated Pkg Processing Sys (APPS)	(107,054)	-	-	-	2,171	-	(107,054)	26,892
1446	Stipulate, Scan, Induction Unit (SSIU)	-	-	-	-	-	-	-	-
1446	SSIU Video Code	(4,109)	-	-	-	293	-	(4,109)	293
1446	Artive Receiving Concourse & Trayline Sys (NYISC)	(4,726)	-	-	-	55	-	(4,726)	55
35	Mail Processing Infrastructure (MPI) Ph 2	(2,636)	-	-	-	-	-	(2,636)	-
1439	IMDAS Intelligent Mail Data Acq Sys MDCO Rptmnt	(3,697)	(11,020)	(282)	(443)	-	-	(5,442)	-
35	Labor Scheduler	(7,197)	-	-	-	-	-	(7,197)	-
1447	MERLIN Ph 2	-	-	-	-	-	-	-	-
40	POS ONE Stage 3	-	-	-	-	-	-	-	-
1456	Automated Postal Center (Self-Svc Platform)	(44,375)	-	-	-	3,305	-	(44,375)	3,305
1445	Biohazard Detection Systems	-	-	-	-	2,562	-	-	2,562
1445	Ventilation & Filtration System for Mail Proc Equip	-	-	-	-	-	-	-	-
1457	Surface Viability - SASS Phase III	(11,441)	-	-	(2,200)	-	-	(11,441)	-
1444	REC Consolidation Phase 4	-	-	-	-	-	-	-	-
1467	Three-Digit Scheme for Flats - Standard Mail	(4,443)	-	-	-	-	-	(4,443)	-
1466	Three-Digit Scheme for Flats - Periodical Mail	(1,841)	-	-	-	-	-	(1,841)	-
1486	Sun Socks	(15,192)	-	-	-	-	-	(15,192)	-
1466	Periodicals Cost Reduction Initiative	(127,500)	-	-	-	-	-	(127,500)	-
	Total FY 2006 Field Programs	(608,692)	(3,205)	(2,195)	(2,200)	32,930	-	(630,226)	104,376
1461	Func 1 BPI / LM (Mail Processing)	(196,654)	-	-	(12,776)	-	-	(209,430)	-
	Func 2 BPI / LM (City Carrier)	-	(238,776)	-	(14,916)	-	-	(253,692)	-
	Func 3 BPI / LM (Build & Equip Maint/DCI 36.37.38)	-	-	-	-	-	(29,717)	(29,717)	-
1464	Func 4 BPI / LM (Mail Processing LDCs 41.49)	(73,897)	-	-	(4,743)	-	-	(78,640)	-
	Func 4 BPI / LM (Mail Processing LDCs 41.49)	(45,169)	-	-	(2,907)	-	-	(48,076)	-
40	Func 4 BPI / LM (Wholesale Services)	(315,520)	(238,776)	-	(35,344)	-	(29,717)	(619,358)	-
	Total FY 2006 Field BPI / LM	-	-	-	-	-	-	-	-

USPS-T-10**Appendix G****Roll Forward Distribution Keys Used for
Cost Reductions and Other Programs**

Roll Forward Dist. Keys	Distribution Key Title	Base Year Dist. Keys	Source
1418	not used		
1419	not used		
1420	not used		
1439	not used		
1440	Delivery BCS, Carrier Sequence BCS	901	Witness Meehan, USPS-T-9; Workpaper A, Factor Report
1441	OCRs (including BCS on OCRs)	903	Witness Meehan, USPS-T-9; Workpaper A, Factor Report
1442	AFMS 100	906	Witness Meehan, USPS-T-9; Workpaper A, Factor Report
1443	SPBS - Non-Priority & Priority	910	Witness Meehan, USPS-T-9; Workpaper A, Factor Report
1444	LDC 15 - RBCS	915	Witness Meehan, USPS-T-9; Workpaper A, Factor Report
1445	Cancellation & Mail Preparation - Metered	918	Witness Meehan, USPS-T-9; Workpaper A, Factor Report
1446	International / ISCs	931	Witness Meehan, USPS-T-9; Workpaper A, Factor Report
1447	LDC 79 - Mailing Reqs. & Bus. Mail Entry	939	Witness Meehan, USPS-T-9; Workpaper A, Factor Report
1448	BMC - Parcel Sorting Machine	942	Witness Meehan, USPS-T-9; Workpaper A, Factor Report
1449	not used		
1450	Mechanized Tray Sorter	971	Witness Meehan, USPS-T-9; Workpaper A, Factor Report
1451	not used		
1452	not used		
1453	Facer/Canceler - Letters	983	Witness Meehan, USPS-T-9; Workpaper A, Factor Report
1454	Facer/Canceler - Flats	984	Witness Meehan, USPS-T-9; Workpaper A, Factor Report
1455	not used		
1456	Automated Postal Centers (APCs)		USPS-LR-K-121
1457	Allied Labor		Witness Van-Ty-Smith, USPS-T-11; USPS-LR-K-55, Part 7
1458	CFS Letters		Witness Van-Ty-Smith, USPS-T-11; USPS-LR-K-55, Part 7
1459	CFS Flats		Witness Van-Ty-Smith, USPS-T-11; USPS-LR-K-55, Part 7
1460	not used		
1461	BPI Function 1 Mail Proc Op		Witness Van-Ty-Smith, USPS-T-11; USPS-LR-K-55, Part 7
1462	not used		
1463	not used		
1464	BPI Function 4 Mail Proc		Witness Van-Ty-Smith, USPS-T-11; USPS-LR-K-55, Part 7
1465	not used		
1466	Periodicals Outside County Key		Only Periodicals Outside County; mail class number 117
1467	Standard Regular Key		Only Standard Regular; mail class number 127
1468	not used		
1469	Surface Visibility Hwy		Witness Meehan, USPS-T-9; Workpaper B, CS14
1470	not used		
1471	Amtrak Rail		Witness Nash, USPS-T-17; USPS-LR-K-38, Table 110
1472	not used		

[illegible]

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Automated Postal Centers (APCs)	not used	1455	Allied Labor		CFS Letters		CFS Flats		BPI Function 1		BPI Function 4		Periodicals Outside		Standard		Surface Variability		Amtrak Rail	
			MV	1457	MV	1458	MV	1459	MV	Mail Proc Op	not used	Mail Proc	not used	County Key	Regular Key	not used	From Input	Median	not used	From Input
Marc Smith			0.8	Van-Ty-Smith	0.83	Van-Ty-Smith	0.83	Van-Ty-Smith	0.83	Van-Ty-Smith	1460	Van-Ty-Smith	1465	Only PerOC	Only SurfRec	1468	From Input	Median	1470	Nash
466.510			973.867	70.916	17.446	3,658,000	1,169,433	436,000	1,113,000	1,627,433	53,473	16,532	70,005	1,697,436	171,401	62,612	7,112	255,234	262,346	126,196
466.510			262.966	64.196	5,326	1,113,000	436,000	1,113,000	436,000	1,627,433	53,473	16,532	70,005	1,697,436	171,401	62,612	7,112	255,234	262,346	126,196
466.510			1,266,533	135,112	22,974	4,771,000	1,627,433	53,473	16,532	70,005	1,697,436	171,401	62,612	7,112	255,234	262,346	126,196	732,073	856,269	78,509
466.510			24,366	4,736	-	39,000	16,532	70,005	1,697,436	171,401	62,612	7,112	255,234	262,346	126,196	732,073	856,269	78,509	37,019	31,132
466.510			3,316	3,930	-	39,000	16,532	70,005	1,697,436	171,401	62,612	7,112	255,234	262,346	126,196	732,073	856,269	78,509	86,000	31,132
466.510			33,684	8,666	22,974	4,641,000	1,697,436	171,401	62,612	7,112	255,234	262,346	126,196	732,073	856,269	78,509	37,019	31,132	86,000	31,132
320.706			1,300,336	143,718	22,974	4,641,000	1,697,436	171,401	62,612	7,112	255,234	262,346	126,196	732,073	856,269	78,509	37,019	31,132	86,000	31,132
78.285			193,142	201	1,311	801,000	171,401	62,612	7,112	255,234	262,346	126,196	732,073	856,269	78,509	37,019	31,132	86,000	31,132	86,000
			22,160	0	26	47,000	-	-	-	-	-	-	-	-	-	-	-	-	-	-
			2,350	0	480	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000	6,000
			260,303	699	31,824	737,000	255,234	262,346	126,196	732,073	856,269	78,509	37,019	31,132	86,000	31,132	86,000	31,132	86,000	31,132
			262,353	699	32,304	743,000	262,346	126,196	732,073	856,269	78,509	37,019	31,132	86,000	31,132	86,000	31,132	86,000	31,132	86,000
			76,176	221	710	235,000	126,196	732,073	856,269	78,509	37,019	31,132	86,000	31,132	86,000	31,132	86,000	31,132	86,000	31,132
			770,689	6,846	8,628	2,620,000	732,073	856,269	78,509	37,019	31,132	86,000	31,132	86,000	31,132	86,000	31,132	86,000	31,132	86,000
			846,864	9,067	9,338	2,655,000	856,269	78,509	37,019	31,132	86,000	31,132	86,000	31,132	86,000	31,132	86,000	31,132	86,000	31,132
112.692			33,755	-	0	174,000	78,509	37,019	31,132	86,000	31,132	86,000	31,132	86,000	31,132	86,000	31,132	86,000	31,132	86,000
			21,006	106	419	96,000	37,019	31,132	86,000	31,132	86,000	31,132	86,000	31,132	86,000	31,132	86,000	31,132	86,000	31,132
			14,675	-	101	86,000	31,132	86,000	31,132	86,000	31,132	86,000	31,132	86,000	31,132	86,000	31,132	86,000	31,132	86,000
112.692			69,637	108	520	356,000	146,660	58,016	4,738	33,283	3,294,765	8,280	36,230	704	734	-	-	-	-	-
			25,945	10,692	230	104,000	58,016	4,738	33,283	3,294,765	8,280	36,230	704	734	-	-	-	-	-	-
			4,026	0	89	14,000	4,738	33,283	3,294,765	8,280	36,230	704	734	-	-	-	-	-	-	-
18.536			25,701	223	408	129,000	33,283	3,294,765	8,280	36,230	704	734	-	-	-	-	-	-	-	-
996.725			2,766,867	164,767	67,199	5,962,000	3,294,765	8,280	36,230	704	734	-	-	-	-	-	-	-	-	-
			206	-	-	1,000	8,280	36,230	704	734	-	-	-	-	-	-	-	-	-	-
3.276			1	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
			0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
			0	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
			464	-	-	2,000	3,127	29,568	78,644	3,373,409	100	100	100	100	100	100	100	100	100	100
			1,154	-	-	2,000	3,127	29,568	78,644	3,373,409	100	100	100	100	100	100	100	100	100	100
			282	-	-	3,000	78,644	3,373,409	100	100	100	100	100	100	100	100	100	100	100	100
3.276			2,768,773	164,767	67,199	10,000,000	3,373,409	100	100	100	100	100	100	100	100	100	100	100	100	100
1,000.001			2,768,773	164,767	67,199	10,000,000	3,373,409	100	100	100	100	100	100	100	100	100	100	100	100	100
100			754,387	692,193	33,747	13,764	100	2,048,193	100	100	100	100	100	100	100	100	100	100	100	100
100			1,754,386	3,480,966	198,514	80,903	100	12,048,193	100	100	100	100	100	100	100	100	100	100	100	100

USPS-T-10**Appendix H**

**Roll Forward Flowchart for USPS and
Roll Forward Flowchart for PRC**

USPS-T-10
Appendix H

Roll Forward Flowchart for USPS and
Roll Forward Flowchart for PRC

This appendix illustrates roll forward flowcharts depicting total costs from Base Year 2004 through Test Year 2006 at current rates (Before Rates) and proposed rates (After Rates) – for both the USPS version and the PRC version. The flow is straightforward except in the cases of the workyear mix adjustment. Each workyear mix adjustment is specific to a particular year and it does not roll forward with the other costs. The amounts shown, for the years listed with after workyear mix adjustment, include final adjustments. These amounts can be found in the “D” Reports under the column heading “Adjusted Volume Variable Including Contingency.”

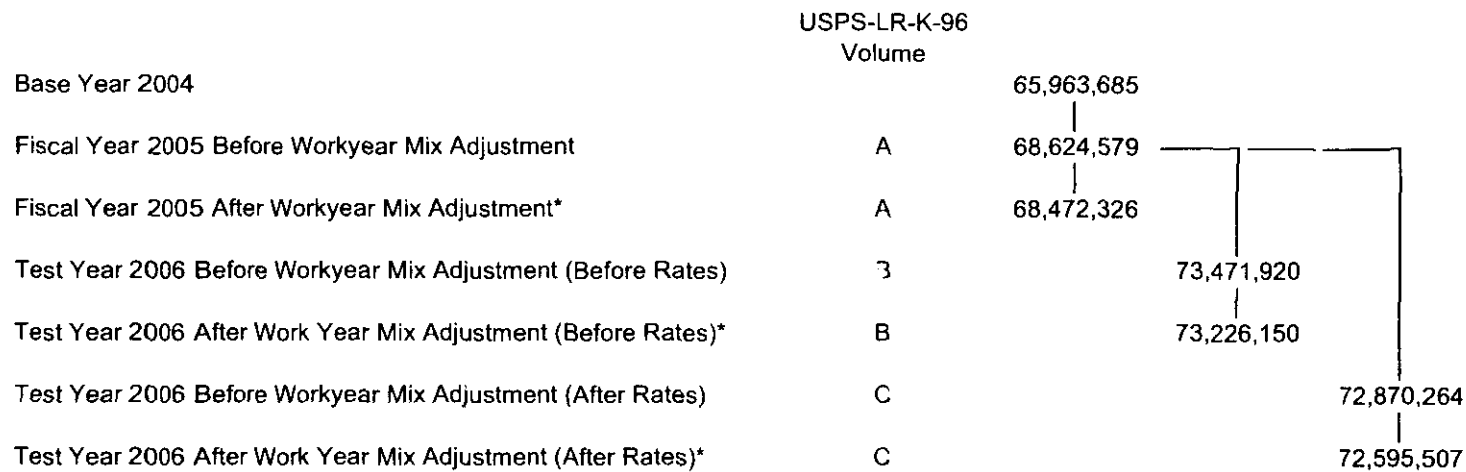
USPS version (\$ in '000s)**Roll Forward Flowchart**

Base Year 2004	USPS-T-10 Workpaper	65,963,683		
Fiscal Year 2005 Before Workyear Mix Adjustment	WP-A	68,571,597		
Fiscal Year 2005 After Workyear Mix Adjustment*	WP-A	68,467,598		
Test Year 2006 Before Workyear Mix Adjustment (BR)	WP-B		73,391,215	
Test Year 2006 After Work Year Mix Adjustment (BR)*	WP-B		73,237,071	
Test Year 2006 Before Workyear Mix Adjustment (AR)	WP-C			72,803,335
Test Year 2006 After Work Year Mix Adjustment (AR)*	WP-C			72,611,151

* "D" Report

PRC version (\$ in '000s)

Roll Forward Flowchart



* "D" Report

USPS-T-10**Appendix I****Amendments**

USPS-T-10
Appendix I (a)

Amended USPS-LR-K-96, Roll Forward Output (PRC), Volume A, "D" Report, page D-1
Amended USPS-LR-K-96, Roll Forward Output (PRC), Volume B, "D" Report, page D-1
Amended USPS-LR-K-96, Roll Forward Output (PRC), Volume C, "D" Report, page D-1

Subsequent to the production and printing of the roll forward model output for the PRC version, it was discovered that the Alaska Air input factors had not been updated. However, prior to the actual filing of this rate case, the PRC version of the roll forward model was rerun using the corrected Alaska Air input factors (i.e., the same Alaska Air factors as the USPS version). Although the impact on volume variable costs is relatively minor, the amended D-1 pages of the "D" Reports, library references cited above, are illustrated in this appendix.

R2005-1 PRC version amended - FY 2005 After Workyear Mix
 Cost Segments and Components (\$ in '000s)
 D Report

Line	No.	Class, Subclass, or Special Service	Class	Attributable	Postal Penalty	Final Adjustments	Attributable Before Contingency	Contingency	Product Specific	Adjusted Volume Variable Including Contingency
1		First-Class Mail	101	11.95	0	11.95	0	0	11.95	11.95
2	3	Single Piece letters	102	303.96	0	303.96	0	(10.8)	293.16	293.16
3	4	Total letters	103	189.6	0	189.6	0	(8.00)	181.60	181.60
4	5	Single Piece Cards	104	69	0	69	0	0	69	69
5	6	Postnet Cards	105	15	0	15	0	0	15	15
6	7	Total Cards	108	84	0	84	0	(1.15)	82.85	82.85
7	8	Total First-Class	109	1,704	0	1,704	0	(2.18)	1,701.82	1,701.82
8	9	Priority Mail	110	3,086	0	3,086	0	0	3,086	3,086
9	10	Express Mail	111	526	0	526	0	0	526	526
10	11	Mailgrams	112	4	0	4	0	0	4	4
11	12	Periodicals	113	8.32	0	8.32	0	0	8.32	8.32
12	13	Within County	117	280.30	0	280.30	0	0	280.30	280.30
13	14	Outside County	117	280.30	0	280.30	0	0	280.30	280.30
14	15	Total Periodicals	117	560.60	0	560.60	0	0	560.60	560.60
15	16	Standard Mail	118	28.6	0	28.6	0	0	28.6	28.6
16	17	Enhanced Carriage	118	28.6	0	28.6	0	0	28.6	28.6
17	18	Regular	118	9.8	0	9.8	0	0	9.8	9.8
18	19	Total Standard Mail	118	11.81	0	11.81	0	0	11.81	11.81
19	20	Package Services	136	1,088	0	1,088	0	0	1,088	1,088
20	21	Parcel Post	137	485	0	485	0	0	485	485
21	22	Bound Printed Matter	137	603	0	603	0	0	603	603
22	23	Media Mail	139	1,581	0	1,581	0	0	1,581	1,581
23	24	Total Package Services	136	2,274	0	2,274	0	0	2,274	2,274
24	25	U.S. Postal Service	136	68	0	68	0	0	68	68
25	26	Free Mail	137	485	0	485	0	0	485	485
26	27	International Mail	137	1,096	0	1,096	0	0	1,096	1,096
27	28	Total All Mail	137	3,086	0	3,086	0	0	3,086	3,086
28	29	Special Services	138	1,005	0	1,005	0	0	1,005	1,005
29	30	Registry	138	85	0	85	0	0	85	85
30	31	Certified	138	85	0	85	0	0	85	85
31	32	Insurance	138	85	0	85	0	0	85	85
32	33	Cod	138	85	0	85	0	0	85	85
33	34	Money Orders	138	85	0	85	0	0	85	85
34	35	Stamped Cards	138	1,25	0	1,25	0	0	1,25	1,25
35	36	Stamped Envelopes	138	13,337	0	13,337	0	0	13,337	13,337
36	37	Special Handling	138	5	0	5	0	0	5	5
37	38	Post Office Box	138	629	0	629	0	0	629	629
38	39	Mail	138	39.6	0	39.6	0	0	39.6	39.6
39	40	Total Special Services	138	1,25	0	1,25	0	0	1,25	1,25
40	41	Total Volume Variable	138	4,527	0	4,527	0	0	4,527	4,527
41	42	Other Costs	139	20	0	20	0	0	20	20
42	43	Total Costs	139	4,547	0	4,547	0	0	4,547	4,547

R2005-1 PRC_version amended - FY 2006BR After Workyear Mix
 Cost Segments and Components (\$ in '000s)
 D Report

Line	No.	Class, Subclass, or Special Service	Column Number	Component	1	2	3	4	5	6	7
					Class	Attributable	Postal Penalty	Final Adjustments	Attributable Before Contingency	Contingency	Product Specific Contingency
1	2	First-Class Mail	101	11.6	11.6	0	11.6	0	0	0	11.6
2	3	Presort Billers	102	506.47	506.47	0	506.47	0	(10.15)	0	516.62
3	4	Total Billers	103	158	158	0	158	0	(158)	0	0
4	5	Single Piece Cards	104	229	229	0	229	0	0	0	229
5	6	Presort Cards	105	22	22	0	22	0	0	0	22
6	7	Total Cards	106	18	18	0	18	0	0	0	18
7	8	Total First-Class	109	17	17	0	17	0	(1.15)	0	16.85
8	9	Priority Mail	110	3,133.97	3,133.97	0	3,133.97	0	(2.02)	0	3,131.95
9	10	Express Mail	111	59	59	0	59	0	0	0	59
10	11	Mailables	112	38	38	0	38	0	0	0	38
11	12	Periodicals	113	2,005	2,005	0	2,005	0	0	0	2,005
12	13	Within County	117	229	229	0	229	0	0	0	229
13	14	Outside County	118	0	0	0	0	0	0	0	0
14	15	Total Periodicals	119	229	229	0	229	0	0	0	229
15	16	Standard Mail	120	20	20	0	20	0	0	0	20
16	17	Enhanced Car Rate	121	0	0	0	0	0	0	0	0
17	18	Regular	122	58	58	0	58	0	0	0	58
18	19	Total Standard Mail	123	78	78	0	78	0	0	0	78
19	20	Package Services	124	1,239	1,239	0	1,239	0	(13.8)	0	1,252.8
20	21	Parcel Post	125	1,038	1,038	0	1,038	0	0	0	1,038
21	22	Bound Printed Matter	126	8	8	0	8	0	0	0	8
22	23	Other Mail	127	0	0	0	0	0	0	0	0
23	24	Total Package Services	128	1,046	1,046	0	1,046	0	0	0	1,046
24	25	U.S. Postal Service	129	60.64	60.64	0	60.64	0	0	0	60.64
25	26	Free Mail	130	0	0	0	0	0	0	0	0
26	27	International Mail	131	1,548	1,548	0	1,548	0	0	0	1,548
27	28	Total All Mail	132	8,255	8,255	0	8,255	0	1,500	0	9,755
28	29	Special Services	133	68	68	0	68	0	0	0	68
29	30	Registry	134	0	0	0	0	0	0	0	0
30	31	Certified	135	0	0	0	0	0	0	0	0
31	32	Insurance	136	0	0	0	0	0	0	0	0
32	33	Cod	137	0	0	0	0	0	0	0	0
33	34	Money Orders	138	1	1	0	1	0	0	0	1
34	35	Stamped Cards	139	1,30	1,30	0	1,30	0	0	0	1,30
35	36	Stamped Envelopes	140	13,28	13,28	0	13,28	0	0	0	13,28
36	37	Special Bidding	141	89	89	0	89	0	0	0	89
37	38	Post Office Box	142	0	0	0	0	0	0	0	0
38	39	Mer	143	0	0	0	0	0	0	0	0
39	40	Total Special Services	144	14,08	14,08	0	14,08	0	0	0	14,08
40	41	Total Volume Variable	145	60.64	60.64	0	60.64	0	0	0	60.64
41	42	Other Costs	146	31,928	31,928	0	31,928	0	0	0	31,928
42	43	Total Costs	147	32,534	32,534	0	32,534	0	0	0	32,534

R2005-1 PRC_version amended - FY 2006AR After Workyear Mix
Cost Segments and Components (\$ in '000s)
D Report

Line No.	Class, Subclass, or Special Service	Class	Total Attributable	Postal Penalty	Final Adjustments	Adjusted Attributable Before Contingency	Contingency (\$)	Product Specific	Adjusted Volume Variable Including Contingency
	Column Number		(1)	(2)	(3)	(4)	(5)	(6)	(7)
1	First-Class Mail						0.0%		
2	Single Piece Letters	101	11,808		0	11,808	0	(10,155)	11,808
3	Presort Letters	102	508		113,490	113,490	0	(10,155)	113,490
4	Total Letters	103	1,693		113,490	113,490	0	(10,155)	113,490
5	Single Piece Cards	104	87		0	87	0	(8)	87
6	Presort Cards	105	81,8		(68)	81,8	0	(1,15)	81,8
7	Total Cards	106	81,8		(68)	81,8	0	(1,15)	81,8
8	Total First-Class	108	131,200		(11,85)	119,345	0	(2,02)	119,345
9	Priority Mail	110	2,8		2,86	3,008	0	(3,7)	2,8
10	Express Mail	111	86		0	86	0	(6,15)	86
11	Mailgrams	112	38		0	38	0	0	38
12	Periodicals	113	7,107		0	7,107	0	(5)	7,106
13	Within County	117	2,2		0	2,2	0	(2,2)	0
14	Outside County	118	2,2		0	2,2	0	(103)	2,2
15	Total Periodicals	119	4,4		0	4,4	0	(103)	4,4
16	Standard Mail	120	2,2		0	2,2	0	(4)	2,2
17	Shannon Can Rite	121	2,2		0	2,2	0	(4)	2,2
18	Regular	122	2,2		0	2,2	0	(4)	2,2
19	Total Standard Mail	123	4,4		0	4,4	0	(8)	4,4
20	Package Services	124	1,202		1,202	1,202	0	(13,8)	1,202
21	Parcel Post	125	89		0	89	0	(8)	89
22	Bound Printed Matter	126	80		0	80	0	(8)	80
23	Media Mail	127	480		0	480	0	0	480
24	Total Package Services	128	1,369		1,202	1,571	0	(203,8)	1,369
25	U.S. Postal Service	129	81,8		0	81,8	0	0	81,8
26	Free Mail	130	80		0	80	0	0	80
27	International Mail	131	1,895		0	1,895	0	(3,2)	1,895
28	Total All Mail	132	3,388		(330,8)	3,057	(11,11)	3,057	3,057
29	Special Services								
30	Registry	133	80		0	80	0	(1,8)	80
31	Certified	134	87		0	87	0	(3,8)	87
32	Insurance	135	82		0	82	0	(3,8)	82
33	Cod	136	88		0	88	0	0	88
34	Money Orders	137	1,32		0	1,32	0	(3,8)	1,32
35	Stamped Cards	138	13,8		0	13,8	0	0	13,8
36	Stamped Envelopes	139	81		0	81	0	0	81
37	Special Handling	140	83,8		0	83,8	0	0	83,8
38	Post Office Box	141	4,2		0	4,2	0	(1,8)	4,2
39	Other	142	1,8,8		(1,2,8)	1,660	(2,8)	1,660	1,660
40	Total Special Services	143	4,598		(6,2)	4,536	(13,27)	4,536	4,536
41	Total Volume Variable	144	31,53,8		81,8	31,615	0	13,27	31,615
42	Other Costs	145	3,088		0	3,088	0	2,87	3,088
43	Total Costs	146	3,088		0	3,088	0	2,87	3,088

USPS-T-10
Appendix I (b)

Amended USPS-T-10 Direct Testimony, Workpaper WP-A, Factor Report, page Factor-3
Amended USPS-T-10 Direct Testimony, Workpaper WP-B, Factor Report, page Factor-3
Amended USPS-T-10 Direct Testimony, Workpaper WP-C, Factor Report, page Factor-3

Subsequent to the printing of the roll forward model output, it was discovered that the component names on page Factor-3 of the Factor Reports were incorrect. Prior to the actual filing of this rate case, the USPS version of the roll forward model was rerun using the correct component names. The component numbers (i.e., distribution key numbers), not the names, were used in referencing values for calculation purposes, therefore, there is no impact on volume variable costs. For illustrative purposes only, the amended Factor-3 pages of the Factor Reports, workpaper references cited above, are presented in this appendix.

R2005-1 USPS_version amended - FY 2005 After Workyear Mix

Factor Report

Proportion Of Mail Processing Capital, Maintenance, And Parts & Supplies Equipment Types To Total

Line No.	Functional Area	DK Comp No.	Capital Factors	DK Comp No.	Maintenance Factors	DK Comp No.	Parts & Supplies Factors
	Column Number		(1)		(2)		(3)
	Units		% x 1,000,000		% x 1,000,000		% x 1,000,000
	Component		1296 BY				
			0278 TY		(1295)		(1294)
1	Computer Forwarding System / CFS Flats (TY)	1201	327,293	1231	1,688,331	1261	1,266,842
2	OCR	1202	1,077,841	1233	6,536,622	1262	3,446,492
3	Mail Processing BCS	1204	636,483	1234	3,507,457	1264	1,465,351
4	Carrier Sequence BCS	1205	2,980,246	1235	837,115	1265	3,591,318
5	Delivery BCS	1206	15,522,825	1236	24,997,529	1266	13,247,900
6	LSM / CFS Letters (TY)	1207	-	1237	9,176	1267	-
7	FSM	1208	10,434,112	1238	8,233,619	1268	7,446,504
8	Parcel Sorting & NMO Machines	1209	1,480,161	1239	2,866,588	1269	2,349,846
9	Facer/Canceler - Letters	1210	2,401,355	1240	8,849,069	1270	7,412,269
10	Facer/Canceler - Flats	1211	28,864	1241	225,197	1271	84,331
11	Culling	1212	230,071	1242	330,383	1272	57,012
12	Sack Sorting Machine	1213	150,141	1243	1,559,621	1273	780,199
13	Small Parcel & Bundle Sorter	1214	2,777,539	1244	4,098,994	1274	4,180,801
14	Remote Barcode System	1215	8,151,213	1245	2,655,072	1275	1,942,475
15	ACDCS	1216	1,360,486	1246	972,291	1276	1,090,732
16	Strapping	1217	160,513	1247	1,109,754	1277	313,413
17	General & Logistics - BMC	1218	5,051,580	1248	2,767,552	1278	712,348
18	General & Logistical - NonBMC	1219	3,696,247	1249	4,346,777	1279	2,512,535
19	Mail Transport Equipment Centers		-	1250	323,360	1280	28,717,160
20	Other	1221	42,888,986	1251	21,126,196	1281	18,069,343
21	Powered Transport Equipment	1222	644,044	1252	2,959,297	1282	1,313,129
	Total		100,000,000		100,000,000		100,000,000

R2005-1 USPS_version amended - FY 2006BR After Workyear Mix

Factor Report

Proportion Of Mail Processing Capital, Maintenance, And Parts & Supplies Equipment Types To Total

Line No.	Functional Area	DK Comp No.	Capital Factors	DK Comp No.	Maintenance Factors	DK Comp No.	Parts & Supplies Factors
	Column Number		(1)		(2)		(3)
	Units		% x 1,000,000		% x 1,000,000		% x 1,000,000
	Component		1296 BY 0278 TY		(1295)		(1294)
1	Computer Forwarding System / CFS Flats (TY)	1201	104,596	1231	1,688,331	1261	1,266,842
2	OCR	1202	2,199,190	1233	6,536,622	1262	3,446,492
3	Mail Processing BCS	1204	598,809	1234	3,507,457	1264	1,465,351
4	Carrier Sequence BCS	1205	634,314	1235	837,115	1265	3,591,318
5	Delivery BCS	1206	11,413,064	1236	24,997,529	1266	13,247,900
6	LSM / CFS Letters (TY)	1207	2,094,487	1237	9,176	1267	-
7	FSM	1208	12,450,344	1238	8,233,619	1268	7,446,504
8	Parcel Sorting & NMO Machines	1209	1,457,449	1239	2,866,588	1269	2,349,846
9	Facer/Canceler - Letters	1210	1,383,774	1240	8,849,069	1270	7,412,269
10	Facer/Canceler - Flats	1211	23,346	1241	225,197	1271	84,331
11	Culling	1212	240,265	1242	330,383	1272	57,012
12	Sack Sorting Machine	1213	127,043	1243	1,559,621	1273	780,199
13	Small Parcel & Bundle Sorter	1214	4,533,792	1244	4,098,994	1274	4,180,801
14	Remote Barcode System	1215	3,067,312	1245	2,655,072	1275	1,942,475
15	ACDCS	1216	1,498,471	1246	972,291	1276	1,090,732
16	Strapping	1217	162,855	1247	1,109,754	1277	313,413
17	General & Logisticals - BMC	1218	4,664,969	1248	2,767,552	1278	712,348
18	General & Logistical - NonBMC	1219	4,053,223	1249	4,346,777	1279	2,512,535
19	Mail Transport Equipment Centers		-	1250	323,360	1280	28,717,160
20	Other	1221	48,856,760	1251	21,126,196	1281	18,069,343
21	Powered Transport Equipment	1222	435,939	1252	2,959,297	1282	1,313,129
	Total		100,000,000		100,000,000		100,000,000

R2005-1 USPS_version amended - FY 2006AR After Workyear Mix
Factor Report
Proportion Of Mail Processing Capital, Maintenance, And Parts & Supplies Equipment Types To Total

Line No.	Functional Area	Comp No.	Capital Factors	Comp No.	Maintenance Factors	Comp No.	Parts & Supplies Factors
	Units	(1)	% x 1,000,000	(2)	% x 1,000,000	(3)	% x 1,000,000
	Column Number						
	Component						
1	Computer Forwarding System / CFS Flats (TY	1201	104,596	1231	1,688,331	1261	1,266,842
2	OCR	1202	2,199,190	1233	6,536,622	1262	3,446,492
3	Mail Processing BCS	1204	598,809	1234	3,507,457	1264	1,465,351
4	Carrier Sequence BCS	1205	634,314	1235	837,115	1265	3,591,318
5	Delivery BCS	1206	11,413,064	1236	24,997,529	1266	13,247,900
6	LSM / CFS Letters (TY)	1207	2,094,487	1237	9,176	1267	-
7	FSM	1208	12,450,344	1238	8,233,619	1268	7,446,504
8	Parcel Sorting & NMO Machines	1209	1,457,449	1239	2,866,588	1269	2,349,846
9	Facer/Canceler - Letters	1210	1,383,774	1240	8,849,069	1270	7,412,269
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13	Small Parcel & Bundle Sorter	1214	4,533,792	1244	4,098,994	1274	4,180,801
14	Remote Barcode System	1215	3,067,312	1245	2,655,072	1275	1,942,475
15	ACDCS	1216	1,498,471	1246	972,291	1276	1,090,732
16	Strapping	1217	162,855	1247	1,109,754	1277	313,413
17	General & Logisticals - BMC	1218	4,664,969	1248	2,767,552	1278	712,348
18	General & Logisticals - NonBMC	1219	4,053,223	1249	4,346,777	1279	2,512,535
19	Mail Transport Equipment Centers	-	-	1250	323,360	1280	28,717,160
20	Other	1221	48,856,760	1251	21,126,196	1281	18,069,343
21	Powered Transport Equipment	1222	435,939	1252	2,959,297	1282	1,313,129
Total			100,000,000		100,000,000		100,000,000

Factor-1

**POSTAL RATE COMMISSION
DOCKET NO. R2005-1
DECLARATION OF LILLIAN WATERBURY**

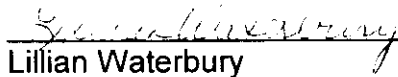
I hereby declare, under penalty of perjury, that:

The direct testimony of Lillian Waterbury on Behalf of the United States Postal Service, USPS-T-10, as amended by errata, was prepared by me or under my direction;

If I were to give this testimony before the Commission orally today, it would be the same;

The library references marked as USPS-LR-K-6, USPS-LR-K-7, USPS-LR-K-8, and USPS-LR-K-58 were prepared by me or under my direction; and

I sponsor Library References USPS-LR-K-6, USPS-LR-K-7, USPS-LR-K-8, and USPS-LR-K-58.


Lillian Waterbury

DATE 01/22/2005

United States Postal Service

**Karl D. Wesner
(USPS-T-24)**

RESPONSE OF POSTAL SERVICE WITNESS WESNER TO
INTERROGATORY OF DOUGLAS F. CARLSON

DFC/USPS-T24-2. Please refer to your testimony at page 12, lines 5–7. Please explain in detail how the encryption of the signature works and how a person can confirm, by viewing e-mail headers or otherwise, that the Postal Service is, in fact, using encryption to send the signature.

RESPONSE:

The Postal Service is not using encryption technology to send the signature by email. If the Postal Service encrypted the signature letter in the email, the receiver most likely would not have a way to decrypt it. Instead, it is sent as an attached PDF file. The internal database that holds the signature data is secured based on best practices for the sensitivity of the data. Each system receives a security and privacy impact analysis.

As the new Intelligent Mail Data Acquisition System (IMDAS) scanners are deployed, the signatures will be encrypted on the scanner device. Signatures will be decrypted before they are transmitted to the customer, so the customer will not be aware of the previous encryption. Implementation is expected to be complete during the test year.

RESPONSE OF POSTAL SERVICE WITNESS WESNER TO
INTERROGATORY OF DOUGLAS F. CARLSON

DFC/USPS-T24-3. Please refer to your testimony at page 12, lines 5–7. Are signatures for both Signature Confirmation and electronic Return Receipt sent using encryption technology?

RESPONSE:

No. But see the response to DFC/USPS-T24-2.

RESPONSE OF POSTAL SERVICE WITNESS WESNER TO
INTERROGATORY OF DOUGLAS F. CARLSON

DFC/USPS-T24-4. Please refer to your response to DFC/USPS-T24-1. Please provide a derivation of, and a basis for, your estimate of 50 cents to transmit a digitally secure, encrypted signature by e-mail for electronic Return Receipts and Signature Confirmation.

RESPONSE:

50 cents is the best available estimate I have of the costs related to the encryption and transmission of the signature. The basis for the estimate of 50 cents is found in Docket No. R2001-1, USPS-T-26, at 15-16. While that estimate pertained to the costs charged by a third party for the digital transmission of an encrypted signature, I use that cost as a proxy for the Postal Service's computer-related costs associated with return receipt and Signature Confirmation services.

RESPONSE OF POSTAL SERVICE WITNESS WESNER
TO INTERROGATORY OF DOUGLAS F. CARLSON

DFC/USPS-T24-5. Please refer to your response to DFC/USPS-T24-4. Please confirm that the Postal Service is not using "digital transmission of an encrypted signature" for sending signatures by e-mail to customers who purchase Signature Confirmation and electronic return receipts. If you do not confirm, please explain.

RESPONSE:

Confirmed that the Postal Service is not sending an encrypted signature by email, although during the test year the signature may be encrypted at an earlier stage. Please see my response to DFC/USPS-T24-2.

USPS-T-24

BEFORE THE
POSTAL RATE COMMISSION
WASHINGTON, D.C. 20268-0001

POSTAL RATE AND FEE CHANGES
PURSUANT TO PUBLIC LAW 108-18

Docket No. R2005-1

DIRECT TESTIMONY
OF
KARL D. WESNER
ON BEHALF OF THE
UNITED STATES POSTAL SERVICE

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Direct Testimony

Of

Karl D. Wesner

AUTOBIOGRAPHICAL SKETCH

1 My name is Karl D. Wesner. I am an Economist in the Special Studies
2 group within the Finance Department at United States Postal Service
3 Headquarters. I began working for the Postal Service in January, 2005. My
4 primary responsibilities include developing costs for Delivery Confirmation,
5 Signature Confirmation, and Return Receipt services, in addition to conducting
6 special studies as requested and/or needed.

7 Prior to working with the Postal Service, I worked as a Revenue Analyst in
8 the accounting department of FedEx Ground in Pittsburgh, Pennsylvania, where
9 I was responsible for summarizing and reporting package volumes and revenues
10 to Senior Management on a weekly basis. I also worked in Arlington, Virginia for
11 US Airways as a Pricing Analyst and a Finance Analyst, and as a Research
12 Analyst for Cadmus Group, located in Alexandria, Virginia. My responsibilities
13 included assisting in the preparation of technical documents for the EPA, and of
14 government contract proposals, along with database management.

15 I received a Bachelor of Science degree in Economics, Math, and
16 Business from the University of Pittsburgh, and have taken some graduate level
17 economics courses.

- 1 In order to familiarize myself with Postal operations, I have toured a Post
- 2 Office in Falls Church, VA, and a Processing and Distribution Center in
- 3 Washington, DC.

1 I. PURPOSE AND SCOPE OF TESTIMONY

2 The purpose of this testimony is to present estimated test year volume
3 variable costs for the Delivery Confirmation, Signature Confirmation, and Return
4 Receipt services.

5

6 II. GUIDE TO TESTIMONY AND SUPPORTING DOCUMENTATION

7

8 I develop my cost estimates using inputs from the following witnesses in
9 this case: Witness Tayman (USPS-T-6) provides productive hourly rates for city
10 and rural carriers (USPS-LR-K-50); witness Thress (USPS-T-7) provides test
11 year before rates volumes (USPS-LR-K-66); witness Meehan (USPS-T-9)
12 provides base year revenue (USPS-LR-K-4), base year costs, window service
13 costs, waiting time costs, and distribution key inputs (USPS-LR-K-5); witness
14 Waterbury (USPS-T-10) provides rollforward costs (USPS-LR-K-7); witness Van-
15 Ty-Smith (USPS-T-11) provides MODS based costs, hourly wage rates for
16 window and box section clerks, and window costs for Delivery Confirmation
17 (USPS-LR-K-55); witness Smith (USPS-T-13) provides piggyback factors
18 (USPS-LR-K-52); and billing determinants were obtained from USPS-LR-K-77.

19 My cost estimates are provided to witness Page (USPS-T-23) for use in
20 developing the final adjustments, and also to witness Robinson (USPS-T-27) and
21 witness Taufique (USPS-T-28).

22 Section 2 of my testimony provides updated Test Year costs for both the
23 manual and electronic options of Delivery Confirmation service for Priority Mail,

1 Package Services, and First-Class Mail (Letters and Sealed Parcels) parcels,
2 and the electronic option only for Parcel Select and Standard Mail. These
3 estimates rely largely on the methodologies of witness Nieto (USPS-T-26) in
4 Docket No. R2001-1.

5 Section 3 of my testimony provides estimated Test Year costs for
6 Signature Confirmation service. Unit volume variable costs are estimated for
7 Priority Mail, and parcels in First-Class Mail (Letters and Sealed Parcels)
8 Standard Mail, Package Services and Parcel Select. These estimates rely largely
9 on the methodologies of witness Nieto (USPS-T-26) in Docket No. R2001-1.

10 Section 4 contains updated Test Year costs for return receipts, including
11 return receipts for merchandise, return receipts after mailing, and electronic
12 return receipts.

13 Section 5 describes differences between the Postal Service version of
14 costs (LR-K-60) and the PRC version (LR-K-105), including a summary table of
15 final results.

16 In addition to this testimony, Library Reference K-60 presents my detailed
17 cost analyses and supporting spreadsheets. I do not have any other
18 workpapers.

19

1 III. DELIVERY CONFIRMATION

2 A. Overview

3 Delivery Confirmation service provides the mailer with information about
4 the date and time a mailpiece was delivered or delivery was attempted. Delivery
5 Confirmation is offered at the time of mailing in two forms: the electronic option
6 and the manual (or retail) option. In the electronic option, the mailer creates and
7 applies a Delivery Confirmation barcode to the mailpiece, and receives
8 information about Delivery Confirmation items electronically. Pieces mailed
9 under the electronic option must be identified in an electronic manifest provided
10 to the Postal Service. In the manual option, customers purchase Delivery
11 Confirmation through the retail window, and obtain delivery information by
12 telephone or computer. Delivery Confirmation service is available for Priority
13 Mail, and for parcels sent using First-Class Mail, Package Services, and the
14 electronic option only for Standard Mail and Parcel Select.

15

16 B. Methodology

17

18 I made several changes to witness Nieto's analysis in Docket No. R2001-
19 1 (USPS-T-26). My testimony now includes costing for Delivery Confirmation in
20 the base year, 2005, and test year, since these calculations are needed by
21 witness Page in order to develop final adjustments for Special Services.

22

23 I obtained improved estimates of the unit volume variable costs for
Delivery Confirmation manual acceptance by using base year unit window costs

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1 multiplied by a piggyback factor. New analysis also improves the accuracy of the
2 unit volume variable costs of rural carrier scans for delivery and attempted
3 delivery, by using the time permitted under the labor agreement of 18 seconds
4 per scan for Delivery Confirmation, rather than a calculated scan time.
5 Additionally, the MODS 44 cost pool, which was used by witness Nieto in Docket
6 No. R2001-1 (USPS-T-26) to calculate the overhead time factor, has been
7 replaced with the manual letter cost pool at Post Offices, stations and branches
8 (NMOD MANL), because the MODS 44 cost pool has been eliminated in the
9 base year CRA.

10 My testimony also reflects the availability of more current information.
11 Wage rates, piggyback factors, and costs for corporate call management,
12 postmaster, information systems, and supplies have all been updated. Updated
13 operational information has also been incorporated. Scanning times at delivery
14 were determined using witness Davis' application of Methods Time
15 Measurement (MTM) time standards in Docket No. R2000-1, combined with the
16 average time required per scan of 2.46 seconds developed by witness Treworgy
17 (Docket No. R97-1, USPS-T-22, Appendix A).

18 The MTM analysis was applied to each of three categories of personnel
19 (city carriers, box section clerks, and window clerks) who deliver Delivery
20 Confirmation mail pieces. Library Reference I-108/Docket No. R2000-1, at 1-9,
21 presents the applicable MTM standards for each of these three categories. As
22 mentioned above, for delivery by rural carriers, the time permitted under the
23 labor agreement has been used.

1

2 Test Year window acceptance costs for manual Delivery Confirmation
3 service have been estimated in this testimony by calculating base year unit
4 costs, multiplying by the ratio of test year wage rate to base year wage rate, and
5 then multiplying by a piggyback factor.

6 Manual Delivery Confirmation customers can receive Delivery
7 Confirmation information through either the Internet or the corporate call
8 management (CCM) system. Within the CCM system, information is provided in
9 two ways: (1) the interactive voice response (IVR) system and (2) customer
10 service agents. Call center data are provided by the Expedited/Package
11 Services and Product Information Requirements departments.

12

13 C. Results

14 Table 1 presents the total test year volume variable Delivery Confirmation
15 costs for Priority Mail electronic service, Priority Mail manual service, Package
16 Services electronic service, Package Services manual service, Parcel Select
17 electronic service, parcels in the Letters and Sealed Parcels subclass electronic
18 service, parcels in the Letters and Sealed Parcels subclass manual service, and
19 Standard Mail electronic service. This testimony also presents the Priority Mail
20 and Parcel Select Delivery Confirmation costs net of the costs for Priority Mail
21 and Parcel Select electronic service, since those costs are included in Priority
22 Mail and Parcel Select costs, and paid for by Priority Mail and Parcel Select
23 postage, rather than by the Delivery Confirmation service fees.

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Table 1: Test Year Delivery Confirmation Unit Volume Variable Costs

<u>Cost Category</u>	<u>Priority Mail</u> <u>Electronic</u>	<u>Priority Mail</u> <u>Manual</u>	<u>Letters/Sealed</u> <u>Parcels</u> <u>Electronic</u>	<u>Letters/Sealed</u> <u>Parcels</u> <u>Manual</u>
Acceptance	\$0.0000	\$0.3159	\$0.0000	\$0.3159
Delivery	\$0.1044	\$0.1044	\$0.1044	\$0.1044
Postmasters	\$0.0000	\$0.0027	\$0.0008	\$0.0033
Corporate call management	\$0.0000	\$0.0899	\$0.0000	\$0.0899
Information systems	\$0.0032	\$0.0024	\$0.0032	\$0.0024
Supplies	\$0.0000	\$0.0042	\$0.0000	\$0.0042
Total volume variable cost	\$0.1076	\$0.5194	\$0.1083	\$0.5200
Less: Cost allocated to base product	\$0.1076	\$0.1076	\$0.0000	\$0.0000
Net volume variable cost	\$0.0000	\$0.4118	\$0.1083	\$0.5200

Table 1: Test Year Delivery Confirmation Unit Volume Variable Costs

<u>Cost Category</u>	<u>Standard</u> <u>Mail</u> <u>Electronic</u>	<u>Package</u> <u>Services</u> <u>Electronic</u>	<u>Package</u> <u>Services</u> <u>Manual</u>	<u>Parcel</u> <u>Select</u> <u>Electronic</u>
Acceptance	\$0.0000	\$0.0000	\$0.3159	\$0.0000
Delivery	\$0.1044	\$0.1044	\$0.1044	\$0.1044
Postmasters	\$0.0000	\$0.0008	\$0.0033	\$0.0008
Corporate call management	\$0.0000	\$0.0000	\$0.0899	\$0.0000
Information systems	\$0.0032	\$0.0032	\$0.0024	\$0.0032
Supplies	\$0.0000	\$0.0000	\$0.0042	\$0.0000
Total volume variable cost	\$0.1083	\$0.1083	\$0.5200	\$0.1076
Less: Cost allocated to base product	\$0.0000	\$0.0000	\$0.0000	\$0.1076
Net volume variable cost	\$0.1083	\$0.1083	\$0.5200	\$0.0000

1 IV. SIGNATURE CONFIRMATION

2

3 A. Overview

4

5 Signature Confirmation service provides the mailer with access to Delivery
6 Confirmation information, and a copy of the recipient's signature upon request.
7 Like Delivery Confirmation, Signature Confirmation is available only at the time of
8 mailing, in one of two forms: the electronic option and the manual (or retail)
9 option. In the electronic option, the mailer must create and apply a Signature
10 Confirmation barcode to the mailpiece, and the pieces must be identified on an
11 electronic manifest provided to the Postal Service. The delivery information is
12 available by computer only, for the electronic option. In the manual option,
13 customers purchase Signature Confirmation service at the retail window, and the
14 Delivery Confirmation information is available by telephone or computer. Under
15 either option, customers may request the signature information via the Internet or
16 the call center. Eligible matter for Signature Confirmation includes Priority Mail,
17 and parcels sent in the Letters and Sealed Parcels subclass of First-Class Mail,
18 or Package Services.

19

20 B. Methodology

21

22 My testimony bases Signature Confirmation costs on Delivery
23 Confirmation costs except when there are operational differences between the
24 two services. Specifically, Signature Confirmation operations during delivery and
25 provision of information to customers differ from those of Delivery Confirmation.

1 The primary operational difference between Delivery Confirmation and
2 Signature Confirmation is that Signature Confirmation requires collection of the
3 recipient's signature. The costs for Signature Confirmation include costs for
4 acquiring the recipient's signature on a Postal Service (PS) Form 3849, scanning
5 the PS Form 3849 barcode, optically scanning the hardcopy signature into an
6 electronic database, and providing a copy of the signature to the customer upon
7 request.

8 The need to obtain the recipient's signature causes the carrier to go to the
9 door, and wait to obtain the recipient's signature. The cost of these additional
10 activities is estimated using witness Davis' methodology (Docket No. R2000-1,
11 USPS-T-30) of subtracting the rural and city unit delivery costs of delivering the
12 host mailpiece (the mailpiece on which Signature Confirmation is purchased)
13 from the rural and city unit delivery costs for certified mail (which requires a
14 signature). The Priority Mail, Package Services, and Parcel Select products use
15 Priority Mail delivery costs as a proxy for the host mailpiece, while the Letters
16 and Sealed Parcels subclass and Standard Mail products use the First-Class
17 Mail Letters and Sealed Parcels (without cards) delivery cost as a proxy for the
18 host mailpiece cost. See Docket No. R2001-1, USPS-LR-J-135, Input Sheet B-
19 4: Deviation Delivery, for the detailed calculations.

20 As established by witness Davis, Signature Confirmation has more
21 scanning-related time than Delivery Confirmation. In addition to the 2.46 seconds
22 of scan time for the mailpiece barcode in the Delivery Confirmation service,
23 another 2.46 seconds has been added for the scan time of the PS Form 3849

1 barcode. In addition, the time to return the scanner is included in the analysis,
2 but not the time to retrieve the scanner since this activity can be performed while
3 the carrier is waiting for the addressee. As was the case for Delivery
4 Confirmation, new analysis improves estimates of the unit volume variable costs
5 of rural carrier scans for delivered and attempted delivery of Signature
6 Confirmation mail items, by using the time permitted under the labor agreement
7 of 28 seconds per scan.

8 Like Delivery Confirmation electronic service, Signature Confirmation
9 electronic service causes no acceptance costs. The mailer applies the barcoded
10 ID label to each item and generates an electronic record of these items prior to
11 acceptance. Acceptance costs for Signature Confirmation manual service are
12 the same as acceptance costs for Delivery Confirmation manual service, since
13 the underlying operational activities are identical.

14 Updated operational information on accessing information has also been
15 incorporated. My testimony reflects the availability of updated information for
16 wage rates, piggyback factors, call center/internet information request
17 percentages, email, mail, and fax signature information percentages, operational
18 changes in the process of sending signature information to mailers, and costs for
19 corporate call management, postmasters, information systems, and supplies.

20

C. Results

Table 2 presents the total volume variable costs for both the electronic and manual options for Priority Mail and parcels in Package Services, and for parcels in the Letters and Sealed Parcels subclass of First-Class Mail. For each option, the volume variable costs are presented by subclass. Priority Mail and Package Services costs are the same, and therefore are presented together.

Table 2: Test Year Signature Confirmation Unit Volume Variable Costs				
Cost Category	Electronic		Manual	
	Priority Mail and Package Services	Letters and Sealed Parcels	Priority Mail and Package Services	Letters and Sealed Parcels
Acceptance	\$0.0000	\$0.0000	\$0.2088	\$0.2088
Delivery	\$1.0902	\$1.2872	\$1.0902	\$1.2872
Postmasters	\$0.0071	\$0.0071	\$0.0100	\$0.0100
Provision of Confirmation	\$0.0139	\$0.0139	\$0.0197	\$0.0197
Information systems	\$0.0032	\$0.0032	\$0.0024	\$0.0024
Supplies	\$0.0000	\$0.0000	\$0.0050	\$0.0050
Total volume variable cost	\$1.1143	\$1.3114	\$1.3360	\$1.5331

V. RETURN RECEIPT COST UPDATES

A. Overview

Several options are available to return receipt users. In addition to the traditional return receipts (green card), the electronic return receipt, return

1 receipts for merchandise, and return receipts after mailing are available for
2 purchase at the retail counter.

3 For the electronic return receipt (eRR), the customer purchases the
4 service at the retail window at the time of mailing. After mailing, the customer
5 goes to www.usps.com, selects "Track and Confirm," enters the label number(s),
6 selects "Request Return Receipt (electronic)", and then enters his/her name and
7 email address. After delivery of the accountable piece, the customer will
8 automatically be sent the delivery date and time information, and a digital image
9 of the signature from the accountable mailpiece, via email.

10

11 B. Methodology

12

13 For all return receipts, I rely on the methodology presented by witness
14 Nieto (USPS-T-26) in Docket No. R2001-1, and update costs with new wage
15 rates and piggyback factors.

16 For return receipts after mailing, I calculate a single unit cost for the
17 purchase transaction (assuming all purchases are done at the retail window),
18 and add the cost for returning the return receipt (by fax, mail, or email). The
19 details of these calculations are found in library reference K-60, Worksheet W-7.

20 For electronic return receipt, acceptance costs are based upon the
21 existing return receipt acceptance window transaction time. The signature for the
22 accountable mailpiece is collected at delivery on Form 3849, which is then
23 scanned, and stored electronically using the Electronic Signature Capture

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1 system. Since the electronic return receipt uses that signature, it causes no
2 additional costs for delivery or scanning activities.

3 Once the signature is electronically available in the system, and the
4 customer has entered his/her email address as mentioned above, the electronic
5 return receipt will be sent via email to the customer. Computer-related costs for
6 the electronic return receipt service are based on estimates provided by Docket
7 No. R2001-1 witness Nieto. These calculations are also presented in my library
8 reference (USPS-LR-K-60, Worksheet W-5).

9

10 C. Results

11

12 Table 4 provides a summary of the test year volume variable costs of the
13 various return receipt services.

Table 3: Test Year Unit Volume Variable Costs for Return Receipts	
Service	Cost
Return Receipts	
Non-Merchandise	\$1.4331
After Mailing	\$2.2315
Merchandise	\$2.3173
Electronic Return Receipt	\$0.8895

14

1 VI. PROPOSED CHANGES RELATIVE TO PRC METHODOLOGY

2 The substantive changes between my cost models, found in LR-K-60, and
 3 the PRC version presented in LR-K-105 are the use in LR-K-105 of the following
 4 PRC version inputs: cost components derived from the Cost Segment and
 5 Component report (LR-K-94), roll forward costs (LR-K-96), piggyback factors
 6 (LR-K-98), and MODS costs (LR-K-100). In response to Commission Rule 53,
 7 table 4 compares the test year cost estimates produced in LR-K-60 to the test
 8 year cost estimates produced in the PRC version LR-K-105.

9

TABLE 4: Test Year Unit Volume Variable Cost Comparison

<u>Service</u>	<u>LR-K-60</u>	<u>LR-K-105</u>
Delivery Confirmation		
Priority Mail Electronic	\$0.0000	\$0.0000
Priority Mail Manual (excludes cost allocated to base)	\$0.4118	\$0.4149
First-Class Mail Electronic	\$0.1083	\$0.1166
First-Class Mail Manual	\$0.5200	\$0.5313
Standard Mail Electronic	\$0.1083	\$0.1166
Package Services Electronic	\$0.1083	\$0.1166
Package Services Manual	\$0.5200	\$0.5313
Parcel Select Electronic	\$0.0000	\$0.0000
Signature Confirmation		
Priority Mail Electronic	\$1.1143	\$1.2357
Priority Mail Manual	\$1.3360	\$1.5156
Package Services Electronic	\$1.1143	\$1.2357
Package Services Manual	\$1.3360	\$1.5156
First-Class Mail Electronic	\$1.3114	\$1.4456
First-Class Mail Manual	\$1.5331	\$1.7256
Return Receipt		
Non-Merchandise	\$1.4331	\$1.4476
Merchandise	\$2.3173	\$2.4624
After Mailing	\$2.2315	\$2.2527
Electronic	\$0.8895	\$0.8932

1 To the extent that, in response to Commission Rule 53, I discuss and
2 compare PRC versions of costing materials in this testimony, I do not sponsor
3 those materials, or in any way endorse the methodologies used to prepare them.
4 In its Order No. 1380 adopting the roadmap rule, the Commission included the
5 following statements regarding the role played by Postal Service witnesses under
6 these circumstances:

7 The comparison required by this exercise cannot be equated with
8 sponsoring the preexisting methodology. It merely identifies and
9 gives context to the proposed change, serving as a benchmark so
10 that the impact can be assessed. ... [W]itnesses submitting
11 testimony under Rule 53(c) sponsor the proposed methodological
12 changes, not the preexisting methodology. That they may be
13 compelled to reference the preexisting methodology does not mean
14 that they are sponsoring it.

15
16 Order No. 1380 (August 7, 2003) at 7. Therefore, although I may be compelled
17 to refer to the PRC methodologies and versions corresponding to the Postal
18 Service analyses which are the subject of my testimony, my testimony does not
19 sponsor those PRC materials.

**POSTAL RATE COMMISSION
DOCKET NO. R2005-1
DECLARATION OF KARL D. WESNER**

I hereby declare, under penalty of perjury, that:


The Direct Testimony of Karl D. Wesner on Behalf of the United States Postal Service, as amended by errata filed on May 24 and June 24, 2005, and designated as USPS-T-24, was prepared by me or under my direction;

If I were to give this testimony before the Commission orally today, it would be the same;

I sponsor Postal Service Library Reference K-60;

I prepared the interrogatory responses which were filed under my name and which have been designated for inclusion in the record in this docket; and

If I were to respond to these interrogatories orally today, the responses would be the same.



Karl D. Wesner

DATE

06/30/05